DISCLOSURE STATEMENT

UNDER PENNSYLVANIA ACT 82

CHURCH OF GOD HOME, INC

A CONTINUING CARE RETIREMENT COMMUNITY

LOCATED AT:
801 NORTH HANOVER STREET
CARLISLE, PENNSYLVANIA 17013
PHONE: (717) 249-5322

EFFECTIVE DATE OF DISCLOSURE STATEMENT: DECEMBER 2017

This Disclosure Statement is not a contract and the Provider reserves all rights to amend, revise, update and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

The issuance of a Certificate of Authority does not constitute approval, recommendation or endorsement of the facility by the Pennsylvania Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or

DISCLOSURE STATEMENT
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SUMMARY

1. The Facility:
   Church of God Home, Inc.
   801 N. Hanover Street
   Carlisle, PA 17013

2. Licensed Provider
   Church of God Home, Inc.
   801 North Hanover Street
   Carlisle, PA 17013

3. Person to Be Contacted to Discuss Admission
   Tosha Welker, Nursing and Personal Care Admissions
   Jamie Nye, Independent Living Admissions
   801 North Hanover Street
   Carlisle, PA 17013
   (717) 249-5322

4. Description of Property
   The Church of God Home, Inc. is located on 5.1 acres in a suburban area, within the city limits of Carlisle, PA. Licensed nursing care, personal care and some independent living units are located in a primarily one-story building. The Creekside Apartments are on a grade that overlooks the LeTort Creek. The congregate facility, LeTort Manor, is located in three stories, attached to the nursing home.

5. Age Requirements for LeTort Manor
   The minimum age is 62. There is no minimum age for spouses of residents who are 62 or older, or for handicapped or disabled persons.

6. Affiliations with Religious, Fraternal, Charitable & Non-Profit Organizations
   The Eastern Regional Conference of the Churches of God, General Conference (Conference)
   The Forever Caring Fund of the Eastern Regional Conference of the Churches of God
   The Orchards at Marsh Run
   StoneRidge Retirement Living Communities, Inc. (name change from New Dawn Christian Community Services, Inc) (Effective January 1, 2014)
   StoneRidge Retirement Living (Effective January 1, 2014)
   Schoolyard Square (Effective August 1, 2014)

7. Current Resident Population
   The total house population as of December 31, 2017 was 165. Independent Living had 40 residents; the 125 remaining residents were in nursing and personal care.

8. Entrance and Monthly Fees

One bedroom unit	Ranges
Entry Fee	$63,000 to $109,000
Monthly Fee	$1,019 to $1,124 single occupancy
	$1,385 to $1,511 double occupancy

RESPONSES TO SECTION 7 OF PENNSYLVANIA ACT 82
NOTE: Item numbers correspond to paragraphs of PA Act 82, Section 7, which sets the requirements for this disclosure statement.

1. Church of God Home, Inc. is a not-for-profit Pennsylvania Corporation. Church of God Home is qualified for exemption from federal taxes under Section 501(c)(3) of the Internal Revenue Code.

2. The governing board is comprised of individuals who have backgrounds appropriate to their roles and responsibilities. These are all the people who meet the definition in Section 7 (a) (2) of the Act. A listing of the Board of Trustees is attached as **EXHIBIT "A"**.

3. This item requires a listing of the following information for those named in Item 2:

   (A) The CEO has 26 years in the long-term care industry.

   (B) StoneRidge Retirement Living Communities, Inc. provides and bills management services to Church of
   God Home, Inc. under contract.

   (C) Description of certain types of criminal, civil, or administrative charges, convictions, injunctions, or suspensions of licenses: NONE.

4. Church of God Home, Inc. is governed by a Board of Trustees which, effective January 1, 2014, are elected by StoneRidge Retirement Living Communities, Inc., a 501(C)(3) Pennsylvania nonprofit corporation and the sole member of Church of God Home, Inc. Board Members are elected by StoneRidge Retirement Living Communities, Inc. through its Board of Trustees at the annual meeting. The term is for three years and members may be reelected for two additional three year terms. After an absence of one year, they are eligible for reelection.

   Church of God Home, Inc. is affiliated with The Orchards at Marsh Run, a 501(C)(3) Pennsylvania nonprofit corporation. StoneRidge Retirement Living Communities, Inc. is also the sole member of The Orchards at Marsh Run.

   Effective January 1, 2014 Church of God Home, Inc. is affiliated with StoneRidge Retirement Living, a 501(C)(3) Pennsylvania nonprofit corporation. Effective August 1, 2014, Church of God Home, Inc. is affiliated with Schoolyard Square, a 501(C)(3) Pennsylvania nonprofit corporation. StoneRidge Retirement Living Communities, Inc. is the sole member of StoneRidge Retirement Living and Schoolyard Square. See Note 1 of the Audited Financial Statements (Exhibit E) for additional affiliations.

   Church of God Home, Inc is affiliated with The Forever Caring Fund ("FCF") of the Eastern Regional Conference of the Churches of God ("Conference"), a Pennsylvania nonprofit organization, which was created in the 1980's to receive and provide financial support to the COGH and other affiliated entities that serve the elderly population.

   Neither the Church of God, the Conference, StoneRidge Retirement Living, Schoolyard Square nor any other affiliate of the Church of God Home, Inc or any other person or entity is responsible for the liabilities of the Church of God Home, Inc or the fulfillment of its contractual obligations.

   Church of God Home, Inc. is exempt from the payment of federal income tax under Section 501(c)(3) of the Internal Revenue Code and is also exempt for the payment of Pennsylvania capital stock and corporate income taxes.

5. Church of God Home, Inc. is located on 5.1 acres in a suburban area within the city limits of Carlisle, PA and North Middleton Township (3.3 acres are the nursing facility and 1.8 acres are LeTort Manor).

Licensed nursing care, personal care and independent living units are located in a primarily one-story building. Creekside Apartments are on a grade that overlooks LeTort Creek. The congregate facility, LeTort Manor, is located in three stories and is attached to the nursing home. Church of God Home, Inc. includes the Creekside Apartments consisting of 4 efficiencies and 10 one bedroom apartments. 10 of the Creekside units are independent living rental units and 4 units are personal care apartments. There are 109 long-term care nursing beds and 33 personal care beds. LeTort Manor has 36, one bedroom apartments. The Creekside Apartments occupied by independent living are market rent, and LeTort Manor apartments are leased with an entrance fee arrangement or rental agreement.

The nursing facility is located at 801 North Hanover Street, Carlisle, PA 17013.
LeTort Manor's address is 825 North Hanover Street, Carlisle, PA 17013 and it is attached to the Nursing Facility.

6. List of Services

A list of services that are included in the basic contract is attached a **EXHIBIT "B"**

7. Church of God Home, Inc charges a one-time entrance fee for our entrance fee model, due upon occupancy, with a monthly service fee assessed thereafter. Entrance fees and monthly fees charged to residents are set forth in the attached **EXHIBIT "C"**.

Monthly fees and fees for services not included in the basic agreement may be adjusted from time to time as the cost of providing services changes. These adjustments, under normal circumstances, will be announced December 1, and become effective January 1. Fees for nursing and personal care services are attached as **EXHIBIT "D"**.

8. Church of God Home, Inc. has established reserves to cover 10% of total operating expenses excluding depreciation. **Refer to the 2017 audited financial statements.**

To pay these obligations, Church of God Home, Inc. has established reserves, which on December 31, 2017 were $141,569.

None of these funds are in the general fund checking account. They are deposited in stocks, bonds, CD's, money market funds and mutual funds

9. Financial Statements

Attached as **EXHIBIT "E"** are the certified financial statements of Church of God Home, Inc., including

(i) Balance sheet as of the end of the most recent fiscal year.
(ii) Income statement as of the end of the most recent fiscal year.

EXHIBIT "A"

BOARD OF TRUSTEES

Church of God Home, Inc

Board of Trustees

2017

EXHIBIT “B”

LIST OF SERVICES

List of Services

Apartment residents pay a monthly fee which includes the following services:

Healthcare Support

- 24 hour emergency call system
- Daily check in system
- Priority access to Healthcare Center
- Healthcare education and monitoring including monthly blood pressure screening

Maintenance Services

- Bi-weekly cleaning, including dusting, vacuuming, kitchen and bathroom
- Building maintenance, including repairs of equipment and appliances
- Annual safety inspection
- Snow removal
- Trash removal
- Lawn care
- Annual spring cleaning

Other services

- Noon meal in LeTort dining room
- Leave of absence meal refund
- Tray service when ill
- Most utilities, including washer and dryer, dishwasher, oven/range, refrigerator, garbage disposal
- Reserved parking in lighted parking lot
- Fire alarm and sprinkler system
- Real estate property and liability insurance (renters insurance not included
- Elevator
- Tenant storage
- Social and recreational activities
- Sunday and Thursday worship
- Chaplaincy services
- Weekly local shopping excursion
- Notary services
- Internet computer in lounge
- Wi-fi
- Exercise classes
- Birthday celebrations

Additional Benefits

- Easy access to shopping and restaurants
- Close to major highways
- Exercise equipment
- Proximity to local hospital
- Adjacent to the US Army war college
- Nicely landscaped grounds on a private campus with concrete walkways along the Letort creek

Services available to residents for an additional fee

- Telephone service
- Physical, occupational and speech therapy
- Guest meals
- Guest lounge
- Podiatry services
- Party food, cake, room reservations
- Cable TV service
- Special activities and outings
- Blood testing
- Newspaper subscriptions
- Hair care services
- Refurbishment, redecorations or structural changes of apartment

EXHIBIT “C”

ENTRANCE FEES AND MONTHLY FEES

CHURCH OF GOD HOME

A STONERIDGE RETIREMENT LIVING COMMUNITY

INDEPENDENT LIVING WITH ENTRANCE FEE *Effective January 1, 2018*

Apartment Style	40% Refundable Entrance Fee	Non-Refundable Entrance Fee	Single Occupancy	Double Occupancy
Letort A *737 sq. ft.*	$109,000	$83,000	$1,124	$1,511
Letort B *600 sq. ft.*	$96,100	$73,000	$1,037	$1,398
Letort C *600 sq. ft.*	$96,100	$73,000	$1,037	$1,398
Letort D *576 sq. ft.*	$81,000	$63,000	$1,019	$1,385
Letort E *576 sq. ft.*	$81,000	$63,000	$1,019	$1,385

INDEPENDENT LIVING WITH MONTHLY PLAN*

Apartment Style	Single Occupancy	Double Occupancy	Apartment Style	Single Occupancy	Double Occupancy
Letort A *737 sq. ft.*	$2,388	$2,774	**Creekside Studio** *368 sq. ft.*	$1,344	$1,679
Letort B *600 sq. ft.*	$2,150	$2,510	**Creekside One BR** *496 sq. ft.*	$1,701	$2,035
Letort C *600 sq. ft.*	$2,150	$2,510			
Letort D *576 sq. ft.*	$1,910	$2,277			
Letort E *576 sq. ft.*	$1,910	$2,277			

Church of God Home offers a Fee-For-Service plan, which includes housing, residential services and amenities for the fees stated. Health-related services, including long-term nursing care and personal care services, are paid for as they are used.

*Independent Living Residents who choose the monthly rental option will be charged a security deposit of one month's rental rate.

EXHIBIT "D"

FEES FOR PERSONAL CARE AND NURSING SERVICES

CHURCH OF GOD HOME

A STONERIDGE RETIREMENT LIVING COMMUNITY

SCHEDULE OF CHARGES

Effective 1/1/2018

PERSONAL CARE: Hope Wing and Peace Wing	
Semi-Private Room	$137.00/day
Private Room*	$158.00/day

NURSING CARE: Faith Wing and Love Wing	
Long Term Care, Semi-Private	$302.00/day
Long Term Care, Private	$366.00/day

PERSONAL CARE: Creekside Apartments	**One Person**	**Two Persons**
Studio	$166.00/day	$278.00/day
One Bedroom	$187.00/day	$305.00/day
One Bedroom, Creek View	$192.00/day	$354.00/day

ADDITIONAL CHARGES AND/OR FEES:

Security Deposit	Equivalent to a 31-day per diem rate
Bed Hold	Per Diem Rate
Clothing Name Labels	Vendor Cost
Billable Medical and Nutritional Supplies	Vendor Cost
Oxygen Concentrator Usage	$3.00 per day
Portable Oxygen Usage	$12.00 per cylinder
Cable Internet/Modem	$20.00 per month/ $62.00 one time fee
Beautician	Vendor Cost
Pharmacy	Vendor Cost
Transportation	
0-10 miles (round trip)	$25.00
11-50 miles (round trip)	$45.00
51-76 miles (round trip)	$75.00
Escort Service	$10.00 per hour
Telephone Service (must provide own phone)	$31.00 per month

♦*Vendor costs or fees may be added for specialty equipment and/or supplies.*
♦*Residents on a Medicare stay are responsible for all co-pays.*

The services of the following professionals will be billed by the provider: *Attending Physician, Podiatrist, Eye Doctor, and Psychiatrist*. The responsibility for all charges is between the provider and the resident.

Physical, Occupational and Speech services will be billed at the Medicare fee schedule rates. We will bill Medicare and/or insurance where applicable.

Invoice Terms: No finance charge will be assessed if paid within 30 days for active accounts. Thereafter, 1.5% per month on the outstanding balance, plus $35.00 per month late fee.

EXHIBIT "E"

AUDITED FINANCIALS STATEMENTS

pennsylvania
INSURANCE DEPARTMENT

December 8, 2017

Ryan Casey, CPA
Vice President of Finance & Chief Financial Officer
Church of God Home, Inc.
440 East Lincoln Avenue
Myerstown, PA 17067

Via E-Mail: ryan.casey@ndccs.com & Original by USPS

Re: Consolidated Audited Financial Statements

Dear Mr. Casey:

The Pennsylvania Insurance Department ("Department") is in receipt of your letter dated November 17, 2017, requesting approval to file consolidated audited financial statements in lieu of separate annual financial statements for the fiscal year ended December 31, 2017, pursuant to 31 PA Code §147.7(c), for Church of God Home, Inc., StoneRidge Retirement Living, and The Orchards at Marsh Run.

Pursuant to 40 P.S. §3225, the Department hereby approves your request to file consolidated audited financial statements in accordance with 31 PA Code §147.7(c) for the fiscal year ended December 31, 2017, conditioned as follows:

1. The consolidated financial statements filed shall contain all of the information of the Provider as required pursuant to 40 P.S. §3207(a)(9) and 31 PA Code §§147.7(c) [must include audited columnar or consolidating worksheet setting forth each entity's financial statement as well as eliminating entries] and 151.11;
2. The consolidated financial statements shall be prepared as set forth in 31 PA Code §147.4(e);
3. Under 40 P.S. §3209, the statutory liquid reserve calculation must be subjected to auditing procedures, included as part of the audited financial statements either in the notes or as a supplemental schedule, and the amount is to be reported on the balance sheet (both main and supplemental) as a separate line item; and
4. Disclosure of funds maintained in an escrow account for entrance fees must be part of the notes to the audited financial statements.

This approval is only for the fiscal year-end 2017 annual financial statements. Each subsequent year the provider must follow the same procedure to obtain an approval for filing consolidated financial statements.

Should you have any questions, please contact Erik Bunty at either (717) 346-8002 or ebunty@pa.gov.

Sincerely,

Kaushik K. Patel

Kaushik K. Patel, Chief
Financial Analysis Division

cc: Joseph DiMemmo, CPA
Kimberly A. Rankin
Melissa L. Greiner
Daniel E. Henne
Erik J. Bunty
David R. Evans
Philip M. Judge
Shannon Hopkins
Robert A. Woronko
Matthew Milford

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC. AND SUBSIDIARIES

Consolidated Financial Report
December 31, 2017

Arnett Carbis Toothman llp
CPAs & Advisors

C O N T E N T S

Arnett
Carbis
Toothman llp
CPAs & Advisors

actcpas.com

2599 Wilmington Road
New Castle, PA 16105
724.658.1565 | 724.658.2402 fax
800.452.3003

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
StoneRidge Retirement Living
Communities, Inc. and Subsidiaries
Myerstown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of StoneRidge Retirement Living Communities, Inc. and Subsidiaries (collectively, Organization), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of StoneRidge Retirement Living Communities, Inc. and Subsidiaries as of December 31, 2017 and 2016, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Arnett Carbis Toothman LLP

New Castle, Pennsylvania
April 24, 2018

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016

ASSETS	**2017**	2016
CURRENT ASSETS		
Cash and cash equivalents	**$ 7,053,409**	$ 7,131,885
Accounts receivable, residents, net of allowance for doubtful accounts 2017 $442,275; 2016 $739,064	**3,413,986**	3,698,138
Entrance fees receivable	**573,000**	560,070
Other receivables	**17,916**	9,062
Due from third-party payors, net	**812,272**	396,541
Inventory	**79,333**	64,245
Prepaid expenses	**594,671**	490,123
Total current assets	**12,544,587**	12,350,064
INVESTMENTS, unrestricted	**22,586,055**	18,395,890
INVESTMENTS, restricted	**4,665,181**	4,301,427
RESIDENT FUNDS	**46,087**	47,836
STATUTORY MINIMUM LIQUID RESERVE	**1,149,571**	1,074,962
PROPERTY AND EQUIPMENT, net	**44,796,055**	43,281,926
SPLIT INTEREST AGREEMENTS	**1,899,083**	1,709,361
GOODWILL	**-**	900,000
INTEREST IN NET ASSETS OF FOREVER CARING FUND	**3,909,404**	3,397,972
DEFERRED COMPENSATION FUND	**-**	39,020
OTHER ASSETS	**44,412**	45,626
Total assets	**$ 91,640,435**	$ 85,544,084

See Notes to Consolidated Financial Statements

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Current portion of long-term debt	$ 570,835	$ 540,835
Accounts payable	1,484,244	577,464
Entrance fees payable	1,066,453	1,047,087
Accrued expenses	3,006,990	3,140,796
Total current liabilities	**6,128,522**	5,306,182
LONG-TERM DEBT, net	**18,905,917**	19,444,805
RESIDENT FUNDS	**46,087**	47,836
DEFERRED COMPENSATION LIABILITY	**-**	39,020
SECURITY DEPOSITS	**712,889**	730,311
DEFERRED ENTRANCE FEES	**5,948,420**	5,049,157
REFUNDABLE ENTRANCE FEES	**2,449,775**	2,142,743
INTEREST RATE SWAP AGREEMENTS	**603,046**	824,099
CHARITABLE GIFT ANNUITIES	**8,788**	9,186
Total liabilities	**34,803,444**	33,593,339
NET ASSETS		
Unrestricted	**50,272,727**	45,939,957
Temporarily restricted	**1,044,778**	872,600
Permanently restricted	**5,519,486**	5,138,188
Total net assets	**56,836,991**	51,950,745
Total liabilities and net assets	**$ 91,640,435**	$ 85,544,084

See Notes to Consolidated Financial Statements

**STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2017 and 2016**

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
Operating revenue:		
Net resident service revenue, including amortization of entrance fees 2017 $1,103,116; 2016 $1,138,817	**$ 39,707,721**	$ 40,369,373
Other income	**448,726**	601,603
Total operating revenue	**40,156,447**	40,970,976
Operating expenses:		
Salaries and wages	**17,184,080**	17,618,359
Purchased services and other fees	**5,921,031**	5,124,099
Employee benefits	**4,131,180**	4,321,597
Depreciation	**2,422,919**	2,324,734
Food	**1,733,294**	1,679,358
Supplies and purchases	**1,265,439**	1,318,008
Utilities	**1,207,281**	1,237,779
Repairs and maintenance	**1,086,432**	1,105,600
Administration	**1,085,783**	1,200,711
Interest	**760,340**	729,432
Insurance costs	**370,635**	350,349
Real estate taxes	**347,706**	338,033
Marketing and advertising	**308,506**	310,728
Provision for bad debts	**120,000**	130,895
Annuity payments	**1,907**	501
Amortization	**1,214**	1,214
Total operating expenses	**37,947,747**	37,791,397
Operating income	**2,208,700**	3,179,579
Non-operating income (expense):		
Investment income	**818,643**	440,907
Impairment of goodwill	**(900,000)**	-
Contributions	**233,881**	342,599
Change in fair value of interest rate swap agreements	**221,053**	117,179
Total non-operating income	**373,577**	900,685
Excess of revenue and non-operating income over expenses	**$ 2,582,277**	$ 4,080,264

See Notes to Consolidated Financial Statements

**STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended December 31, 2017 and 2016**

	2017	2016
Changes in unrestricted net assets:		
Excess of revenue and non-operating income over expenses	**$ 2,582,277**	$ 4,080,264
Change in Forever Caring Fund	**511,432**	96,491
Unrealized gain on investments	**1,239,061**	75,151
Change in unrestricted net assets	**4,332,770**	4,251,906
Changes in temporarily restricted net assets:		
Investment income on endowment fund	**139,142**	86,730
Increase in value of charitable remainder trust	**33,036**	4,604
Change in temporarily restricted net assets	**172,178**	91,334
Changes in permanently restricted net assets:		
Realized/unrealized gain on endowment fund	**224,612**	211,424
Increase in value of perpetual trusts	**156,686**	83,561
Change in permanently restricted net assets	**381,298**	294,985
Change in net assets	**4,886,246**	4,638,225
Net assets, beginning	**51,950,745**	47,312,520
Net assets, ending	**$ 56,836,991**	$ 51,950,745

See Notes to Consolidated Financial Statements

**STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 4,886,246**	$ 4,638,225
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**2,422,919**	2,324,734
Amortization	**1,214**	1,214
Amortization of bond issue costs	**31,947**	31,947
Provision for bad debts	**120,000**	130,895
Impairment of goodwill	**900,000**	-
Change in value of derivative financial instruments	**(221,053)**	(117,179)
Net realized and unrealized gain on investments	**(1,534,505)**	(326,659)
Valuation gain, beneficial interest in perpetual and charitable remainder trusts	**(189,722)**	(88,165)
Change in beneficial interest in Forever Caring Fund	**(511,432)**	(96,491)
Change in value of charitable gift annuities	**1,907**	(410)
Amortization of entrance fees	**(1,103,116)**	(1,138,817)
Proceeds from entrance fees	**2,649,700**	1,411,476
Changes in assets and liabilities:		
Resident receivables	**164,152**	71,962
Entrance fees receivable	**(12,930)**	(267,500)
Other receivables	**(8,854)**	129,083
Due from third-party payors, net	**(415,731)**	(382,394)
Inventory	**(15,088)**	23,496
Prepaid expenses	**(104,548)**	130,556
Accounts payable	**906,780**	99,080
Accrued expenses	**(133,806)**	(369,084)
Security deposits	**(17,422)**	11,124
Net cash provided by operating activities	**7,816,658**	6,217,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(3,937,048)**	(2,299,600)
Net purchases of investments	**(3,094,023)**	(1,455,845)
Net cash (used in) investing activities	**(7,031,071)**	(3,755,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on long-term debt	**(540,835)**	(510,835)
Refunds of entrance fees	**(320,923)**	(420,800)
Payment on charitable gift annuities	**(2,305)**	(2,305)
Net cash (used in) financing activities	**(864,063)**	(933,940)

See Notes to Consolidated Financial Statements

		2017		2016
Net increase (decrease) in cash and cash equivalents	**$**	**(78,476)**	$	1,527,708
Cash and cash equivalents:				
Beginning		**7,131,885**		5,604,177
Ending	**$**	**7,053,409**	$	7,131,885
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	**$**	**733,577**	$	732,209

See Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: The consolidated financial statements include the accounts of StoneRidge Retirement Living Communities, Inc. (SRLC), StoneRidge Retirement Living (SRL), StoneRidge Family Medicine, Inc. (SFM), Church of God Home, Inc. (COGH), The Orchards at Marsh Run (OMR), and Schoolyard Square (SYS). Collectively, the consolidated entities represent the accounts of StoneRidge Retirement Living Communities, Inc. and Subsidiaries (collectively, Organization).

StoneRidge Retirement Living Communities, Inc. is a not-for-profit Pennsylvania corporation. SRLC is the sole member of StoneRidge Retirement Living, StoneRidge Family Medicine, Inc., Church of God Home, Inc., The Orchards at Marsh Run, and Schoolyard Square.

StoneRidge Retirement Living is a two-campus Continuing Care Retirement Community (CCRC) providing services to the elderly located in Myerstown, Pennsylvania. Sponsored by the Evangelical Congregational Church, SRL extends its accommodations to persons regardless of race, color, creed, ancestry, age, religion, sex, national origin, handicap, or disability who consent to the policies of the Organization. The Towne Centre campus consists of 152 skilled nursing beds and 49 personal care beds. The Poplar Run campus consists of 60 skilled nursing care beds, 36 personal care beds, 113 apartments, and 29 cottages.

StoneRidge Family Medicine, Inc. provided medical services to residents of Myerstown and the surrounding communities, including many of the residents of StoneRidge Retirement Living. SFM suspended operations during 2011. The Organization did not separately disclose the discontinued operations of StoneRidge Family Medicine, Inc. as their operations were not material to the consolidated financial statements and remaining assets transferred to SRLC and SRL during 2016. This company will be kept open as a shell company for any future endeavors.

Church of God Home, Inc. and The Orchards at Marsh Run (collectively referred to as the COGH Entities) are the sole members of SRLC through a partner in ministry affiliation agreement between StoneRidge Retirement Living Communities, Inc. and the Eastern Regional Conference of the Churches of God.

Church of God Home, Inc., located in Carlisle, Pennsylvania, is a nonprofit CCRC. COGH provides housing, health care, and other related services to residents through the operation of a retirement facility containing 109 skilled nursing care beds, 37 personal care beds, and 46 apartments.

The Orchards at Marsh Run is a nonprofit corporation organized for the purpose of establishing a CCRC. OMR desires to provide housing, health care, and other related services to residents through the construction and operation of a retirement facility consisting of residential housing and long-term health care services.

Schoolyard Square is a nonprofit personal care facility located in Pine Grove, Pennsylvania. SYS provides housing, health care, and other related services to residents through the operation of a 65 unit personal care facility.

A summary of the Organization's significant accounting policies applied in preparation of the accompanying consolidated financial statements is as follows:

Principles of consolidation: The consolidated financial statements include all organizations outlined above. Significant inter-company accounts and transactions have been eliminated in the consolidation.

Basis of accounting: The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), whereby revenue is recognized when earned and expenses are recorded when incurred.

Public debt: At ASC 105-10-20, the Financial Accounting Standards Board (FASB) clarifies the definition of a public entity in certain accounting standards to include entities that are conduit bond obligors for conduit debt securities that are traded in a public market. The Organization is considered a public entity for consolidated financial statement disclosure purposes based on the qualification of its Series 2000 and 2012 revenue bonds as public debt. The Organization has determined that this pronouncement does not have a material impact on its financial position, results of operations, or cash flows.

Use of estimates: The preparation of consolidated financial statements in accordance 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 consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents and deposit risk: Cash and cash equivalents include all highly liquid investments purchased with a maturity of three months or less, excluding amounts classified as investments or assets whose use is limited. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts.

Resident funds: The Organization is entrusted with certain personal funds of its residents, the handling of which is governed by Medicare and Medical Assistance regulations. These funds are accounted for as trust funds and are maintained separate from other funds and are available to residents on demand and are distributed only at the direction of the resident, their legal power of attorney, or guardian.

Accounts receivable, residents: Accounts receivable, residents are reported at net realizable value. Accounts are written off when they are determined to be uncollectable based on management's assessment of individual accounts. The allowance for doubtful accounts is based on historical collection experience and a review of the current status of resident accounts receivable. It is reasonably possible that the Organization's estimate of allowance for doubtful accounts may differ from actual results.

Entrance fees receivable: Entrance fees receivable include amounts due from residents residing in the independent living units who, based on contractual agreements, have been permitted an extended period of time to deposit their entrance fees.

Inventory: Inventory is stated at the lower of cost (using the first-in, first-out method of accounting) or market and consists primarily of dietary, maintenance, and nursing supplies.

Property and equipment: Property and equipment acquisitions are recorded at cost, and donated assets are recorded at fair value at the date of donation. Depreciation of property and equipment is provided for using the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Investments and investment risk: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the consolidated balances sheets. The fair value of substantially all securities are determined by quoted market prices, with the exception of alternative investments which are not readily marketable and are presented at net asset value (NAV) per share. Investment income or loss (including realized gains and losses on investments, interest, dividends, and capital gains distributions) is included in excess of revenue and non-operating income over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses associated with investments are included in change in net assets as the Organization considers its investments to be available-for-sale securities.

A decline in market value of any investment below cost that is deemed to be other than temporary results in a reduction in carrying value to fair value. Any impairment would be charged to realized loss and a new cost basis for the investment would be established. There was no impairment of investments for other than temporary losses as of December 31, 2017 or 2016. Contributed investments are initially valued at the quoted fair value on the date received, which is then treated as cost. The investment in the captive insurance program is carried at cost.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported on the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the consolidated balance sheets could change materially in the near term.

Split-interest agreements: The Organization has received as contributions various types of split-interest agreements, including charitable gift annuities, a charitable remainder trust, and perpetual trusts.

Charitable gift annuities: The Organization has entered into gift-annuity agreements with certain individuals to provide periodic payments to these individuals during the remainder of their lives in return for a charitable gift to the Organization. Under the charitable gift annuity arrangements, the Organization has recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Organization to such individuals. The obligation to make payments terminates only upon the donor's death. Any change in the obligation is recorded on the consolidated statements of operations as a change in value of charitable gift annuities.

Charitable remainder trust: The Organization is the beneficiary of a charitable remainder trust held by a third party. Under the charitable remainder trust, a donor made an unrestricted initial gift to a trust in which the Organization is the sole beneficiary. The terms of the trust agreement provide for a named beneficiary to receive annuity payments for the remainder of their life. Upon the death of the named beneficiary, the remaining assets are transferred with no restrictions to the Organization.

Perpetual trust agreements: Under the terms of the perpetual trusts, the Organization has an irrevocable right to receive its share of the income earned on the trusts, but never receives the assets held in trust and thus they are classified as permanently restricted. The assets of these trusts have been recorded at their fair value in the consolidated financial statements. Distributions received are reported as contributions on the consolidated statements of operations.

Income earned on the trust assets and distributed to the Organization is recorded as investment income on the consolidated statements of operations, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as valuation gain (loss).

Goodwill: The Organization records as goodwill the excess of purchase price over the fair value of the identifiable net assets acquired. The Organization had $900,000 of goodwill related to the purchase of Schoolyard Square. Authoritative guidance related to goodwill and other intangible assets prescribes the application of a two-step process for impairment testing of goodwill if adverse qualitative factors exist indicating that it is more likely than not that goodwill is impaired. This is performed annually, as well as when an event triggering impairment may have occurred. Upon determination that goodwill is more than likely to be impaired, the two-step process would be applied. The first step tests for impairment while the second step, if necessary, measures impairment. Management determined that it was more likely than not that goodwill was impaired as of December 31, 2017, and performed an impairment calculation based on discounted cash flows of future operations showing that an impairment existed. Accordingly, management recorded an impairment on goodwill of $900,000 which is included in non-operating income (expense) on the consolidated statements of operations.

Interest in net assets of Forever Caring Fund: Church of God Home, Inc. reports its beneficial interest in all of the net assets of the Forever Caring Fund of the Eastern Regional Conference of the Churches of God (Fund), a financial interrelated organization, on its statements of financial position. The Forever Caring Fund did not become a sole member of SRLC as part of the affiliation agreements. The annual change in that interest is reported on the Organization's consolidated statements of changes in net assets. Although the Fund's purpose is to serve residents of the Organization, its Board of Directors operates independently from that of the Organization. The Fund is recognized as a separate 501(c)(3) organization by the Internal Revenue Service.

Bond issuance costs: Costs related to the issuance of long-term debt have been deferred and are amortized over the terms of the related debt using an effective interest method. Amortization was $31,947 for each of the years ended December 31, 2017 and 2016. Amortization of approximately $32,000 is expected annually over the next five years. Bond issuance costs are netted against long-term debt on the consolidated balance sheets. Amortization related to the bond issuance costs are included in interest expenses on the consolidated statements of operations.

Other assets: Other assets include settlement costs incurred during the purchase of Schoolyard Square in the amount of $48,321. Settlement costs are being amortized on a straight-line basis. Amortization expense was $1,214 for each of the years ended December 31, 2017 and 2016. Amortization is expected to be approximately $1,200 annually over the next five years.

Interest rate swap agreements: All interest rate swap agreements are recognized on the consolidated balance sheets at their fair market value. On the dates the interest rate swap agreements were entered into, the Organization designated each interest rate swap agreement as a cash flow hedge. Changes in the fair value of the interest rate swap agreements that are highly effective, and that are designated and qualified as cash flow hedges, along with the loss or gain on the hedge liability that is attributable to the hedge risk (including losses or gains on firm commitments), are recorded on the consolidated statements of operations. The cash differentials paid and received on the interest rate swap agreements are accrued and recognized as adjustments to interest expense or interest income.

Security deposits: The Organization collects security deposits on independent living units, refundable to residents upon re-occupancy depending on the conditions of the unit as outlined in the contract.

Deferred entrance fees / refundable entrance fees: Under entrance fee plans for independent living units, the Organization received payments in advance. The Organization offers several entrance fee contracts containing various levels and terms of refundable options.

The nonrefundable portion of entrance fees received is amortized to revenue using the straight-line method over the estimated remaining life expectancies of the residents, which are adjusted annually. The unamortized portion of nonrefundable entrance fees is recognized as revenue in the year that the resident leaves the unit. The unamortized portion of nonrefundable entrance fees is classified as deferred entrance fees on the consolidated balance sheets.

The refundable portion, or guaranteed refund component, of entrance fees received is included in refundable entrance fees on the consolidated balance sheets.

All refunds for the refundable contracts are paid after the independent living unit is vacated and, in most circumstances, re-occupied by a new resident. However, contract terms vary and some require refunded amounts to be paid within one year. Refunds due within one year are included in current liabilities as entrance fees payable. Although refunds associated with nonrefundable contracts are infrequent, the Organization includes these amounts with deferred entrance fees on the consolidated balance sheets; however, the Organization estimated an amount to be refunded annually based on historical experience and has included this estimate with refundable fees. Contractual refund obligations, including guaranteed portions of refundable contracts and nonrefundable contracts, under existing resident agreements were approximately $4,890,000 and $3,800,000 as of December 31, 2017 and 2016, respectively.

The majority of services provided to the Organization residents are paid for on a “fee for service” basis and are not included under the entrance fee plans. However, there are certain residents under life care contracts who receive or will receive services at a discounted rate in accordance with their contract.

Future service obligation: 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 balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to operations. The obligation is discounted at six percent. Because no excess was calculated, no obligation to provide future services and use of facilities exists as of December 31, 2017 or 2016.

Net assets: Net assets include revenue, expenses, gains, and losses that are classified based on the existence or absence of donor-imposed stipulations. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets are neither permanently nor temporarily restricted by donor or grantor imposed stipulations.

Temporarily restricted net assets result from contributions, grants, or other inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, from other asset enhancements and diminishments subject to the same kinds of stipulations, or from reclassifications to or from other classes of net assets as a consequence of donor or grantor imposed stipulations, their expiration of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets result from contributions, grants, or other inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, from other asset enhancements and diminishments subject to the same kinds of stipulations, or from reclassifications from or to other classes of net assets as a consequence of donor or grantor imposed stipulations. Permanently restricted net assets include beneficial interests in perpetual trusts and restricted endowments set up by donors to be held in perpetuity in which the Organization receives an allocation of income during the year.

Donor-restricted gifts: The Organization reports gifts of cash and other assets as restricted support 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 a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported on the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated financial statements.

Net resident service revenue: Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

The Organization has agreements with third-party payors that provide for payments at amounts different from their established rates. A significant portion of the Organization's net resident service revenue is derived from these third-party payor programs. A summary of the principal payment arrangements with third-party payors follows:

Medical Assistance: Services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.

Medicare: Services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments. Therapy services provided to Medicare Part B beneficiaries are paid at the lesser of a published fee schedule or actual charges.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic, and other factors. The determination of these rates is partially based on the Organization's clinical assessment of their residents. Organizations are required to clinically assess their residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

The Organization also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per day or visit and discounts from established charges.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Organization believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations.

Charity care: The Organization provides care and other necessary services and supplies to residents who meet certain criteria without charge or at amounts less than their established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net resident service revenue (Note 4).

Nursing Home Assessment: As a general nursing facility participating in Pennsylvania's Medicaid system, the Organization is subject to Pennsylvania's Nursing Home Assessment Program (Program). Under the Program, nursing facilities are assessed a "tax" based on census information and receive a corresponding "supplemental payment" based on census information. The calculation for the "tax" is not the same as the calculation for the "supplemental payment" and the related expenses and revenue are not the same. The Organization has elected to record the net effect of the "tax" and "supplemental payment" in net resident service revenue on the consolidated statements of operations.

Excess of revenue and non-operating income over expenses: The consolidated statements of operations include excess of revenue and non-operating income over expenses. Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as non-operating income (expense).

Advertising: The Organization follows the policy of charging advertising costs to expense as incurred. Advertising expense amounted to approximately $309,000 and $311,000 for the years ended December 31, 2017 and 2016, respectively.

Income taxes: All of the Organization's entities are not-for-profit organizations, except StoneRidge Family Medicine, Inc., as described in Section 501(c)(3) of the Internal Revenue Code (Code) and have been recognized as tax-exempt under Section 501(a) of the Code. StoneRidge Family Medicine, Inc. is currently applying for tax-exempt status as it intends to remain an active shell corporation for future endeavors. Accordingly, no provision for income taxes has been provided.

The Organization follows the guidance for accounting for uncertainty in income taxes recognized in the Organization's consolidated financial statements that prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met.

The Organization's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in administrative expenses. There were no interest or penalties recognized on the consolidated statements of operations in 2017 and 2016. Generally, tax returns for years ended December 31, 2014, and thereafter remain subject to examination by federal and state tax authorities.

Subsequent events: In preparing these consolidated financial statements, the Organization evaluated events that occurred through April 24, 2018, the date the consolidated financial statements were issued, for potential recognition or disclosure.

Note 2. Recent Accounting Pronouncements

Revenue Recognition: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP. This ASU attempts to remove inconsistencies and weaknesses in the current revenue recognition requirements, provides a more robust framework for addressing issues, improves comparability across entities and industries, provides more useful information to the users of the financial statements, and simplifies the preparation of financial statements by consolidating the number of requirements required to be referenced. Early adoption is not permitted. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2018, consolidated financial statements. Management has not yet selected a transition method nor has the effect of this guidance on the Organization's ongoing financial reporting been determined.

Financial Instruments: In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities.* This ASU requires certain equity securities to be reported at fair value with changes in fair value recognized within the net income, establishes a qualitative factor in evaluating impairment on equity investments without readily determinable fair values, and eliminates the requirement to disclose the fair value on financial instruments measured at amortized cost. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2018, consolidated financial statements.

Leases: In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) which supersedes FASB ASC Topic 840, *Leases*, and makes other conforming amendments to U.S. GAAP. This ASU requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the balance sheet via a right-of-use asset and lease liability, and additional qualitative and quantitative disclosures. In addition, the updated guidance requires that lessors separate lease and non-lease components in a contract in accordance with the new revenue guidance in ASU 2014-09. Transition guidance is provided within the ASU and generally requires a retrospective approach. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2019, consolidated financial statements.

Not-for-Profit Entities: In August 2016, the FASB issued ASU 2016-14, (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments of this ASU change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The amendments include qualitative and quantitative requirements in the financial statement presentation and disclosures regarding net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2018, consolidated financial statements.

Statement of Cash Flows: In August 2016, the FASB issued ASU 2016-15, (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*, which clarifies how companies present and classify certain cash receipts and cash payments on the statement of cash flows. Early adoption is permitted. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2018, consolidated financial statements.

Statement of Cash Flows: In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230), which requires companies to include cash and cash equivalents that have restrictions on withdrawal or use in total cash and cash equivalents on the statement of cash flows. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2019, consolidated financial statements.

Intangibles: In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other* (Topic 350): *Simplifying the Test for Goodwill Impairment*, to simplify the subsequent measurement of goodwill. To address concerns over the cost and complexity of the two-step goodwill impairment test, the amendments in this ASU remove the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. Early adoption is permitted and amendments in this ASU should be applied on a prospective basis. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2021, consolidated financial statements.

Note 3. Concentrations of Credit Risk

The Organization grants credit without collateral to its residents, many of whom are insured under third-party payor agreements primarily with Medicare, Medical Assistance, and various commercial companies. The mix of receivables from residents and third-party payors as of December 31 is as follows:

	2017	2016
Medicaid	**37 %**	39 %
Private pay	**37**	37
Medicare	**25**	23
Other	**1**	1
	100 %	100 %

Note 4. Charity Care

The Organization has reviewed guidance relative to charity care disclosures. Throughout the admission, billing, and collections process, certain personal care residents are identified by the Organization as qualifying for charity care, and are charged less than established rates. Eligibility requirements are based on an income scale. Costs associated with providing charity care to its personal care residents were approximately $3,242,000 and $2,779,000 for the years ended December 31, 2017 and 2016, respectively. The costs are determined by multiplying the charges foregone by the related cost to charge ratio. The Organization received $121,263 and $102,599 during December 31, 2017 and 2016, respectively, to offset the costs of providing charity care.

Note 5. Property and Equipment

Property and equipment are as follows as of December 31:

	2017	2016
Land and land improvements	**$ 4,916,567**	$ 4,817,138
Building and building improvements	**59,364,542**	57,692,996
Equipment and furniture	**10,000,842**	9,404,394
Vehicles	**894,439**	878,302
Construction in progress	**2,938,966**	1,385,478
	78,115,356	74,178,308
Less accumulated depreciation	**33,319,301**	30,896,382
Property and equipment, net	**$ 44,796,055**	$ 43,281,926

Construction in progress consists primarily of costs associated with renovations and additions to the Poplar Run Campus. The Organization did not have any capitalized interest during the years ended December 31, 2017 or 2016.

Note 6. Investments and Split Interest Agreements

The following represents the breakdown of investments and split interest agreements as of December 31:

	2017	2016
Investments:		
Unrestricted	**$ 22,586,055**	$ 18,395,890
Restricted	**4,665,181**	4,301,427
Total	**$ 27,251,236**	$ 22,697,317
Statutory minimum liquid reserve	**$ 1,149,571**	$ 1,074,962
Split interest agreements:		
Perpetual trusts	**$ 1,520,121**	$ 1,363,435
Charitable remainder trust	**378,962**	345,926
Total	**$ 1,899,083**	$ 1,709,361

Note 7. Investment Income

Unrestricted investment income is comprised of the following for the years ended December 31:

	2017	2016
Investment income:		
Interest, dividends, and capital gain distributions, net of bank fees	**$ 747,811**	$ 400,823
Net realized gain on sales of investments	**70,832**	40,084
Net unrealized gain on investments	**1,239,061**	75,151
Total	**$ 2,057,704**	$ 516,058

Temporarily and permanently restricted investment income is comprised of the following for the years ended December 31:

	2017	2016
Investment income:		
Interest, dividends, and capital gain distributions,	**$ 139,142**	$ 86,730
Net realized gain on sales of investments	**11,862**	44,763
Net unrealized gain on investments	**212,750**	166,661
Total	**$ 363,754**	$ 298,154

Note 8. Long-Term Debt

StoneRidge Retirement Living has a $1,000,000 working capital line of credit with PNC Bank expiring June 30, 2017. There were no draws against the line of credit as of December 31, 2017 or 2016. Interest is calculated at the bank's prime rate, which was 4.5% as of December 31, 2017. The line of credit is collateralized by all assets of the Organization. The line of credit expires June 30, 2018.

The amount available under the line of credit for StoneRidge Retirement Living is reduced by a $353,003 letter of credit expiring October 11, 2018, and a $318,586 letter of credit expiring October 28, 2018. These letters of credit are required for the construction project described in Note 5 and Captive Insurance program.

Church of God Home, Inc. has a $1,550,000 working capital line of credit with PNC Bank expiring July 30, 2018. There were no draws against the line of credit as of December 31, 2017 or 2016. Interest is calculated at the bank's prime rate, which was 4.50% as of December 31, 2017. The line of credit is collateralized by all assets of the Organization.

The amount available under the line of credit for Church of God Home, Inc. is reduced by an $800,000 letter of credit supporting self-insurance expiring July 11, 2019.

Long-term debt consists of the following as of December 31:

	2017	2016
Lebanon County Health Facilities Authority Revenue Bonds (Series of 2000) variable rate demand bonds (0.85% as of December 31, 2017), maturing through 2025	**$ 5,555,000**	$ 6,080,000
Jackson Township Industrial Development Authority (Series of 2012) variable rate revenue bonds (0.89% as of December 31, 2017), maturing through 2042	**14,350,000**	14,350,000
Financing agreement for purchase of a vehicle, payable in monthly installments of $1,320 at 0.00% interest through December 2018	**15,835**	31,670
	19,920,835	20,461,670
Less bond issuance costs, net	**444,083**	476,030
Less current portion	**570,835**	540,835
	$ 18,905,917	$ 19,444,805

Collateral for the Series 2000 and 2012 Bonds includes an open-end mortgage and security interest in the facilities of SRL.

The Series 2000 Bonds are also backed by a letter of credit and subject to a remarketing agreement. In the event that any or all of the Bonds are tendered by the bondholder and are unable to be remarketed, the letter of credit would be drawn upon to repay the tendered Bonds. Any drawings under the letter of credit are repayable on or before the first to occur of the following: the first business day of the first calendar month following the calendar month in which said amount is so drawn, the date on which the Bonds purchased with the proceeds of such liquidity drawing are remarketed by the remarketing agent and the proceeds thereof delivered to the Bond Trustee, the date on which the Bonds purchased with the proceeds of such liquidity drawing are redeemed or otherwise paid in full, or the stated expiration date. The letter of credit for the Series 2000 Bonds will expire April 20, 2019.

The Series 2012 Bonds are also backed by a letter of credit and subject to a remarketing agreement. In the event that any or all of the Bonds are tendered by the bondholder and are unable to be remarketed, the letter of credit would be drawn upon to repay the tendered Bonds. Any drawings under the letter of credit are repayable on or before the first to occur of the following: the first business day of the first calendar month following the calendar month in which such draw is honored, the date on which the Bonds purchased or funded with the proceeds of such tender draft are remarketed by the remarketing agent and the proceeds thereof delivered to the Bond Trustee, the date on which the Bonds purchased or funded with the proceeds of such tender draft are redeemed or otherwise paid in full, or the date the liquidity period terminates. The letter of credit for the Series 2012 Bonds will expire April 20, 2019.

The Organization is required to comply with certain financial covenants for the term of the Series 2000 and Series 2012 Bonds. For the years ended December 31, 2017 and 2016, the Organization believes they were in compliance with the covenants.

Scheduled principal payments on long-term debt as of December 31, 2017, are as follows:

Years Ending December 31:	
2018	$ 570,835
2019	590,000
2020	630,000
2021	670,000
2022	710,000
Thereafter	16,750,000
	$ 19,920,835

Note 9. Interest Rate Swap Agreements

The Organization entered into an interest rate swap and a basis rate swap with Wells Fargo Bank on the Series 2000 Bonds for the entire amount of the bond issue. The interest rate swap agreements, which are considered derivative financial instruments, were to hedge its variable interest rate payments. In February 2002, StoneRidge Retirement Living entered into an interest rate swap agreement on the $11,000,000 notional amount of Series 2000 bonds offering a fixed rate of 4.1% which became effective in February 2002 and terminates in October 2025. In February 2005, StoneRidge Retirement Living entered into a base rate swap agreement to reduce interest rate risk by swapping the USD-BMA Municipal Swap Index variable rate to 64% of USD LIBOR-BBA plus a 0.5% spread. This basis rate swap became effective in February 2005 and terminates in October 2025.

The objective of these swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are a contract to exchange variable rate for fixed rate payments over the term of the swap agreement without the exchange of the underlying notional amounts. The notional amounts of the swap agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable, if any, which may be generated as a result of the swap agreements. Management believes losses related to credit risk are remote. The net cash paid or received under the swap agreements is recognized as an adjustment to interest expense. The Organization does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

According to the terms of both agreements, if the variable rate is more than the fixed rate, the counterparty to the agreement must make a monthly payment to SRL. Conversely, if the variable rate is less than the fixed rates, SRL must make a monthly payment to the counterparty to the agreement. The monthly payments are calculated by multiplying the notional amount by the difference between the variable rates and the fixed rate.

The payments to or from the counterparty to the agreements are classified as a component of interest expense on the consolidated statements of operations.

The net cash paid or received under the swap agreements is recognized as an adjustment to interest expense. Exposure to credit loss is limited to the receivable, if any, which may be generated as a result of the swap agreement. Management believes that losses related to credit risk are remote.

The fair value of the agreements is estimated to be the amount StoneRidge Retirement Living would pay to terminate the agreements as of December 31, 2017 and 2016. StoneRidge Retirement Living estimates that it would have paid $603,046 and $824,099 as of December 31, 2017 and 2016, respectively, to terminate the agreements, and was based on information supplied by the counterparties to the swaps. These amounts are classified as derivative financial instruments on the consolidated balance sheets.

On January 8, 2007, the FASB issued authoritative guidance related to derivatives which affects the future accounting methodology for cash flow hedges that are not based on a benchmark interest rate. The guidance stipulates that interest rates, which are reset through an auction (remarketing) process, do not qualify as a benchmark rate and, therefore, the interest rate swap agreements that previously qualified for hedge accounting no longer qualify. As a result, the change in the fair value of the interest rate swap agreements is included in excess of revenue and non-operating income over expenses on the consolidated statements of operations.

The change in fair value is classified as change in fair value of interest rate swap agreements on the consolidated statements of operations and was $221,053 and $117,179 for the years ended December 31, 2017 and 2016, respectively.

Note 10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31:

		2017		2016
Charitable remainder trust, available to support future operations	**$**	**378,962**	$	345,926
Endowment fund, available to be used solely for benefit of the physical / occupational therapy and rehabilitation departments		**665,816**		526,674
Total	**$**	**1,044,778**	$	872,600

Permanently restricted net assets consist of the following as of December 31:

		2017		2016
Perpetual trust assets, the income from which is expendable to support operations	**$**	**1,520,121**	$	1,363,435
Investments held in perpetuity, the income from which is available to be used solely for benefit of the physical and occupational therapy and rehabilitation departments		**3,999,365**		3,774,753
Total	**$**	**5,519,486**	$	5,138,188

Note 11. Retirement Plans and Deferred Compensation

The Organization maintains a 401(k) retirement plan for all hourly and salaried employees working 20 hours per week. The December 31, 2017 and 2016, contribution is allocated to participating employees as follows: 100% on the first 3% and 50% on the next 2%. The total amount of retirement plan expense recognized was $282,505 and $295,652 for the years ended December 31, 2017 and 2016, respectively.

In June 2005, Church of God Home, Inc. entered into a written deferred compensation agreement with the President/CEO. Under this agreement, COGH would make annual contributions of $10,000 to a trust account. The agreement provided that the President/CEO, who retired in January 2015, was 100% vested when each contribution was made. A liability has been reflected on the December 31, 2016, consolidated balance sheet for the monies held in the trust in the amount of $39,020. The funds were paid out as of December 31, 2017.

Note 12. Commitments and Contingencies

Captive Insurance Program: The Organization participates in a Captive Retirement Community Program (Program) administered by Murray Securus for Workers' Compensation, General/Professional Liability, and Automobile Liability/Physical Damage insurance. This requires the Organization to maintain irrevocable letters of credit to cover back up shortfalls in collected premiums. The Organization has a letter of credit in the amount of $318,586, expiring October 28, 2018, and a $163,995 letter of credit expiring October 31, 2018. The Program as of December 31, 2017, included 12 members, all not-for-profit retirement communities located in central Pennsylvania.

Insurance is reinsured and fronted by the Great American Insurance Group through CARE, Ltd., an incorporated Bermuda domiciled Reinsurance Company. CARE, Ltd. is an insurance company which is owned by the member insured retirement communities. Great American Insurance Group cedes reinsurance premiums, administrative expenses, and claims expenses to CARE, Ltd., which is subject to risk on a 100% quota share. CARE, Ltd.'s exposure is limited to an aggregate equal to 92.2% of the annual program premium. In addition, a specific stop-loss of $500,000 per occurrence is in place for any workers' compensation, general/professional liability, or automobile liability/physical damage occurrence.

The Organization accounts for its investment in the Program based on the cost method of accounting. The value of the Captive investment included with investments on the consolidated balance sheets is $100,000 and $101,300 as of December 31, 2017 and 2016, respectively.

Self-Funded Health Insurance: The Organization moved to a self-funded health insurance plan with a third-party administrator. The Organization purchased stop loss insurance, which is designed to limit the employer's loss in a self-funded plan to a specific amount in the event of catastrophic claims or a multitude of unanticipated claims. The Organization's stop loss policy limits the amount of claims the Organization would be responsible for annually to $120,000 per individual or 125% of expected aggregate claims. The Organization accrues expenses for health insurance claims on a monthly basis, along with expensing premiums for the stop loss insurance and administrative expenses incurred. The Organization has recorded a liability of $500,000 for health insurance claims as of December 31, 2017 and 2016, included in accrued expenses on the consolidated balance sheets. The Organization began participating in the Pareto Captive program during 2017.

Medical Malpractice Claims Coverage: The Organization maintained occurrence-based professional liability coverage through a commercial insurance carrier. Management believes no incidents have occurred or will be asserted that will exceed the insurance coverage or will have a material adverse effect on the consolidated financial statements.

Senior Living Services Industry: The senior living services and health care industries are subject to numerous laws, regulations, and administrative directives of federal, state, and local governments and agencies. Compliance with these laws, regulations, and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. The Organization is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Organization, if any, are not presently determinable.

Note 13. Endowment

The Organization's endowment consists of donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Trustees of the Organization has interpreted the relevant Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the relevant Pennsylvania law and terms of the endowment. The Organization considers the following factors:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The following schedule represents the changes in endowment net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (December 31, 2015)	$ -	$ 439,944	$ 3,563,329	$ 4,003,273
Net investment return	-	86,730	-	86,730
Unrealized gains	-	-	211,424	211,424
Endowment net assets (December 31, 2016)	-	526,674	3,774,753	4,301,427
Net investment return	**-**	**139,142**	**-**	**139,142**
Unrealized gains	**-**	**-**	**224,612**	**224,612**
Endowment net assets (December 31, 2017)	**$ -**	**$ 665,816**	**$ 3,999,365**	**$ 4,665,181**

Funds with deficiencies: The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as unrestricted net assets. There were no such deficiencies reported as of December 31, 2017 or 2016.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that allow the Organization to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies employed for achieving objectives: The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment spending policy and relation to investment objectives: The endowment gift has a very specific purpose that requires the income to be spent to provide solely for the purchase of a building and/or equipment related to the physical and occupational therapy and rehabilitation departments. The Organization has not met the expenditure requirements for release of these funds from temporarily restricted net assets. The income, which excludes unrealized gains (losses), is being accumulated as temporarily restricted endowment income. Per the donor's intent, unrealized gains (losses) are to be added to the permanently restricted endowment.

Note 14. Pennsylvania Department of Insurance Required Disclosures

As a continuing care provider, the Organization is required to maintain a minimum liquid reserve to be in compliance with the Continuing Care Provider Registration and Disclosure Act (Act 82). The minimum reserve is equal to the greater of total interest and principal payments on long-term debt due within the next twelve months (related to the independent living units) or 10% of projected annual operating expenses (related to the independent living units). The following is the minimum liquid reserve calculations for SRL and COGH as of December 31, 2017.

	SRL	**COGH**
Principal and interest payments due within the next 12 months	$ 1,371,584	$ -
Percent of residents subject to residence and care arrangement	41.44%	10.91%
	$ 568,384	$ -
Projected annual operating expenses	$ 26,274,919	$ 13,503,102
Less depreciation and amortization	1,950,538	527,069
Operating expenses pertaining to statutory liquid reserve	24,324,381	12,976,033
Percent of residents subject to residence and care arrangement	41.44%	10.91%
	10,080,023	1,415,685
Statutory liquid reserve factor	10.00%	10.00%
10% of projected annual operating expenses	$ 1,008,002	$ 141,569
Statutory liquid reserve (greater of above)	$ 1,008,002	$ 141,569
Total statutory liquid reserve on the consolidated balance sheet		$ 1,149,571

The Organization receives deposits prior to a resident occupying a unit. These funds are deposited into escrow accounts and can be found in the investments on the accompanying consolidated balance sheets. The Organization did not receive any entrance fees prior to December 31, 2017, for which a resident had not yet moved in.

Note 15. Functional Expense

The Organization's expenses for program activities (including nursing care, assisted living, and residential services) and general and administrative expenses consist of the following for the years ended December 31:

	2017	2016
Program activities	**$ 33,243,352**	$ 33,106,385
General and administrative	**4,704,395**	4,685,012
	$ 37,947,747	$ 37,791,397

Note 16. Fair Value Measurements

Authoritative guidance regarding *Fair Value Measurements* establishes a framework for measuring fair value. This guidance defines fair value, establishes a framework and hierarchy for measuring fair value, and outlines the related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The levels of the fair value hierarchy are as follows:

Level I Quoted prices in active markets for identical assets or liabilities. Level I assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level II Observable inputs other than Level I prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level II assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments or derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level III Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The table below presents the balances of assets and a liability measured at fair value as of December 31, 2017:

	Totals	Level I	Level II	Level III
Investments:				
Cash and cash equivalents	$ 10,365,077	$ 10,365,077	$ -	$ -
Equity securities:				
Financial	686,512	686,512	-	-
Health care	781,650	781,650	-	-
Industrials	353,317	353,317	-	-
Technology	1,357,896	1,357,896	-	-
Materials	349,672	349,672	-	-
Consumables	593,417	593,417	-	-
Energy	171,870	171,870	-	-
Other	163,581	163,581	-	-
Mutual funds:				
Large-cap	7,127,933	7,127,933	-	-
Mid-cap	267,970	267,970	-	-
Small-cap	97,594	97,594	-	-
International	829,716	829,716	-	-
Other	671,617	671,617	-	-
Fixed income securities:				
Corporate, treasury, and municipal bonds	188,870	-	188,870	-
Mutual funds	3,026,690	3,026,690	-	-
Alternative investments *	60,892	-	-	-
Total	27,094,274	26,844,512	188,870	-
Statutory mimimum liquid reserve:				
Cash and cash equivalents	1,149,571	1,149,571	-	-
Split interest agreements:				
Beneficial interest in perpetual trusts	1,520,121	-	-	1,520,121
Charitable remainder trust	378,962	-	-	378,962
Total	1,899,083	-	-	1,899,083
Total assets	$ 30,142,928	$ 27,994,083	$ 188,870	$ 1,899,083
Liability:				
Interest rate swap agreements	$ 603,046	$ -	$ 603,046	$ -

The table below presents the balances of assets and a liability measured at fair value as of December 31, 2016:

	Totals	Level I	Level II	Level III
Investments:				
Cash and cash equivalents	$ 8,866,424	$ 8,866,424	$ -	$ -
Equity securities:				
Financial	562,896	562,896	-	-
Health care	675,743	675,743	-	-
Industrials	358,414	358,414	-	-
Technology	1,035,692	1,035,692	-	-
Materials	238,694	238,694	-	-
Consumables	503,908	503,908	-	-
Energy	225,991	225,991	-	-
Other	171,164	171,164	-	-
Mutual funds:				
Large-cap	5,866,997	5,866,997	-	-
Mid-cap	246,855	246,855	-	-
Small-cap	94,689	94,689	-	-
International	658,495	658,495	-	-
Other	837,035	837,035	-	-
Fixed income securities:				
Corporate, treasury, and municipal bonds	363,654	-	363,654	-
Mutual funds	1,823,140	1,823,140	-	-
Alternative investments *	67,526	-	-	-
Total	22,597,317	22,166,137	363,654	-
Statutory minimum liquid reserve:				
Cash and cash equivalents	1,074,962	1,074,962	-	-
Split interest agreements:				
Beneficial interest in perpetual trusts	1,363,435	-	-	1,363,435
Charitable remainder trust	345,926	-	-	345,926
Total	1,709,361	-	-	1,709,361
Total assets	$ 25,381,640	$ 23,241,099	$ 363,654	$ 1,709,361
Liability:				
Interest rate swap agreements	$ 824,099	$ -	$ 824,099	$ -

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation at the fair value hierarchy to the amounts presented on the consolidated balance sheets.

The following is a reconciliation of beginning and ending balances of the fair value measurements of the Organizations Level III assets:

Description	Perpetual Trust	Charitable Remainder Trust
Balance as of December 31, 2015	$ 1,279,874	$ 341,322
Change in value of trust assets	83,561	4,604
Balance as of December 31, 2016	1,363,435	345,926
Change in value of trust assets	**156,686**	**33,036**
Balance as of December 31, 2017	**$ 1,520,121**	**$ 378,962**

The Organization has no financial assets or financial liabilities measured at fair value on a non-recurring basis.

The following methods were used by the Organization in estimating the fair values of its financial instruments. There have been no changes in the methodologies used as of December 31, 2017 or 2016:

Cash and cash equivalents: Fair values, which are the amounts reported on the consolidated balance sheets, are based on multiplying number of units held by $1 per unit.

Equity securities (mutual funds): Valued at the closing price reported in the active market on which the individual securities are traded for equity securities and fixed income mutual funds and quoted market prices in active markets.

Fixed income securities (corporate, treasury and municipal bonds): Fair values of these items, which are the amounts reported on the consolidated balance sheets, are estimated using quoted prices for similar securities.

Alternative investments: Value of alternative investments is based on net asset value (NAV) per share.

Charitable remainder trust and perpetual trusts: Valued based on the fair value of the trusts' underlying assets, which approximates the discounted present value of future cash flows.

Interest rate swap agreements: Value of the interest rate swap agreements is based on the net present value of expected future cash flows of the difference between the fixed interest rate of the interest rate swap agreements and the counterparty's forward LIBOR curve. The forward LIBOR curve is readily available in public markets or can be derived from information available in publicly quoted markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Arnett
Carbis
Toothman llp
CPAs & Advisors

actcpas.com

2599 Wilmington Road
New Castle, PA 16105
724.658.1565 | 724.658.2402 fax
800.452.3003

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Trustees
StoneRidge Retirement Living
Communities, Inc. and Subsidiaries
Myerstown, Pennsylvania

We have audited the consolidated financial statements of StoneRidge Retirement Living Communities, Inc. and Subsidiaries as of and for the years ended December 31, 2017 and 2016, and issued our report thereon dated April 24, 2018, which expressed an unmodified opinion on those consolidated financial statements (see page 2). Our audits were conducted for the purpose of forming an opinion on such consolidated financial statements as a whole.

The supplementary information is presented for the purposes of additional analyses and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Arnett Carbis Toothman LLP

New Castle, Pennsylvania
April 24, 2018

**STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATING BALANCE SHEET
December 31, 2017**

ASSETS	**StoneRidge Retirement Living Communities, Inc.**	**StoneRidge Retirement Living**
CURRENT ASSETS		
Cash and cash equivalents	$ 2,457,891	$ 1,511,877
Accounts receivable, residents, net of allowance for doubtful accounts $442,275	-	2,190,194
Entrance fees receivable	-	573,000
Other receivables	-	18,383
Due from affiliates, current portion	-	-
Due from third-party payors	-	568,940
Inventory	4,543	74,790
Prepaid expenses	63,068	358,159
Total current assets	2,525,502	5,295,343
INVESTMENTS, unrestricted	55,662	20,801,765
INVESTMENTS, restricted	-	4,665,181
RESIDENT FUNDS	-	37,748
STATUTORY MINIMUM LIQUID RESERVE	-	1,008,002
PROPERTY AND EQUIPMENT, net	219,213	35,686,307
DUE FROM AFFILIATES, net	-	3,000,000
SPLIT INTEREST AGREEMENTS	-	1,762,878
INTEREST IN NET ASSETS OF FOREVER CARING FUND	-	-
OTHER ASSETS	-	-
Total assets	$ 2,800,377	$ 72,257,224

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ 3,057,295	$ 8,052	$ 18,294	$ -	$ 7,053,409
-	1,191,360	-	32,432	-	3,413,986
-	-	-	-	-	573,000
-	(467)	-	-	-	17,916
-	2,601,621	-	-	(2,601,621)	-
-	243,332	-	-	-	812,272
-	-	-	-	-	79,333
-	155,037	-	18,407	-	594,671
-	7,248,178	8,052	69,133	(2,601,621)	12,544,587
-	1,728,628	-	-	-	22,586,055
-	-	-	-	-	4,665,181
-	8,339	-	-	-	46,087
-	141,569	-	-	-	1,149,571
-	5,198,230	1,619,455	2,072,850	-	44,796,055
-	-	-	-	(3,000,000)	-
-	136,205	-	-	-	1,899,083
-	3,909,404	-	-	-	3,909,404
-	-	-	44,412	-	44,412
$ -	$ 18,370,553	$ 1,627,507	$ 2,186,395	$ (5,601,621)	$ 91,640,435

See Independent Auditor's Report on the Supplementary Information

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (CONTINUED)
December 31, 2017

LIABILITIES AND NET ASSETS (DEFICIT)	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
CURRENT LIABILITIES		
Current portion of long-term debt	$ -	$ 570,835
Accounts payable	-	939,624
Entrance fees payable	-	1,053,313
Accrued expenses	1,033,081	1,418,861
Due to affiliates, current portion	604,406	1,108,513
Total current liabilities	1,637,487	5,091,146
LONG-TERM DEBT, net	-	18,905,917
RESIDENT FUNDS	-	37,748
SECURITY DEPOSITS	-	34,500
DEFERRED ENTRANCE FEES	-	5,665,380
REFUNDABLE ENTRANCE FEES	-	2,225,095
INTEREST RATE SWAP AGREEMENTS	-	603,046
DUE TO AFFILIATES, net	-	-
CHARITABLE GIFT ANNUITIES	-	8,788
Total liabilities	1,637,487	32,571,620
NET ASSETS (DEFICIT)		
Unrestricted	1,162,890	33,257,545
Temporarily restricted	-	1,044,778
Permanently restricted	-	5,383,281
Total net assets (deficit)	1,162,890	39,685,604
Total liabilities and net assets (deficit)	$ 2,800,377	$ 72,257,224

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ -	$ -	$ -	$ -	$ 570,835
-	512,873	-	31,747	-	1,484,244
-	13,140	-	-	-	1,066,453
-	497,144	-	57,904	-	3,006,990
-	-	-	888,702	(2,601,621)	-
-	1,023,157	-	978,353	(2,601,621)	6,128,522
-	-	-	-	-	18,905,917
-	8,339	-	-	-	46,087
-	671,389	7,000	-	-	712,889
-	283,040	-	-	-	5,948,420
-	224,680	-	-	-	2,449,775
-	-	-	-	-	603,046
-	-	-	3,000,000	(3,000,000)	-
-	-	-	-	-	8,788
-	2,210,605	7,000	3,978,353	(5,601,621)	34,803,444
-	16,023,743	1,620,507	(1,791,958)	-	50,272,727
-	-	-	-	-	1,044,778
-	136,205	-	-	-	5,519,486
-	16,159,948	1,620,507	(1,791,958)	-	56,836,991
$ -	$ 18,370,553	$ 1,627,507	$ 2,186,395	$ (5,601,621)	$ 91,640,435

See Independent Auditor’s Report on the Supplementary Information

**STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended December 31, 2017**

	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
CHANGES IN UNRESTRICTED NET ASSETS		
Operating revenue:		
Net resident service revenue, including amortization of entrance fees $1,103,116	$ -	$ 25,223,272
Management fees	3,526,463	-
Other income	145,073	239,686
Total operating revenue	3,671,536	25,462,958
Operating expenses:		
Salaries and wages	2,558,359	8,807,931
Purchased services and other fees	27,024	6,258,265
Employee benefits	428,114	2,167,577
Depreciation	63,224	1,764,510
Food	5,785	1,091,591
Supplies and purchases	9,935	803,571
Utilities	-	784,098
Repairs and maintenance	18,899	734,733
Administration	226,666	512,824
Interest	-	760,336
Insurance costs	19,459	228,878
Real estate taxes	-	336,827
Marketing and advertising	296	282,066
Provision for bad debts	-	-
Annuity payments	-	1,907
Amortization	-	-
Total operating expenses	3,357,761	24,535,114
Operating income (loss)	313,775	927,844
Non-operating income (expense):		
Investment income	-	787,887
Impairment of goodwill	-	-
Contributions	-	71,566
Change in fair value of interest rate swap agreements	-	221,053
Total non-operating income (expense)	-	1,080,506
Excess (deficiency) of revenue and non-operating income over expenses	$ 313,775	$ 2,008,350

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ 13,418,778	$ -	$ 1,065,671	$ -	$ 39,707,721
-	-	-	-	(3,526,463)	-
-	63,967	-	-	-	448,726
-	13,482,745	-	1,065,671	(3,526,463)	40,156,447
-	5,186,291	-	631,499	-	17,184,080
-	3,086,353	-	75,852	(3,526,463)	5,921,031
-	1,393,713	-	141,776	-	4,131,180
-	502,441	-	92,744	-	2,422,919
-	535,356	-	100,562	-	1,733,294
-	410,201	-	41,732	-	1,265,439
-	315,056	-	108,127	-	1,207,281
-	263,035	-	69,765	-	1,086,432
-	301,223	-	45,070	-	1,085,783
-	4	-	-	-	760,340
-	100,141	-	22,157	-	370,635
-	-	-	10,879	-	347,706
-	14,824	-	11,320	-	308,506
-	120,000	-	-	-	120,000
-	-	-	-	-	1,907
-	-	-	1,214	-	1,214
-	12,228,638	-	1,352,697	(3,526,463)	37,947,747
-	1,254,107	-	(287,026)	-	2,208,700
-	30,756	-	-	-	818,643
-	-	-	(900,000)	-	(900,000)
-	162,315	-	-	-	233,881
-	-	-	-	-	221,053
-	193,071	-	(900,000)	-	373,577
$ -	$ 1,447,178	$ -	$ (1,187,026)	$ -	$ 2,582,277

See Independent Auditor's Report on the Supplementary Information

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)
Year Ended December 31, 2017

	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
Changes in unrestricted net assets (deficit):		
Excess (deficiency) of revenue and non-operating income over expenses	$ 313,775	$ 2,008,350
Change in Forever Caring Fund	-	-
Net asset transfer	(13,830)	25,939
Unrealized gain on investments	-	1,037,044
Change in unrestricted net assets (deficit)	299,945	3,071,333
Changes in temporarily restricted net assets:		
Investment income on endowment fund	-	139,142
Increase in value of charitable remainder trust assets	-	33,036
Change in temporarily restricted net assets	-	172,178
Changes in permanently restricted net assets:		
Realized/unrealized gain on endowment fund	-	224,612
Increase in value of perpetual trusts	-	146,093
Change in permanently restricted net assets	-	370,705
Change in net assets (deficit)	299,945	3,614,216
Net assets (deficit), beginning	862,945	36,071,388
Net assets (deficit), ending	$ 1,162,890	$ 39,685,604

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ 1,447,178	$ -	$ (1,187,026)	$ -	$ 2,582,277
-	511,432	-	-	-	511,432
-	(13,346)	-	1,237	-	-
-	202,017	-	-	-	1,239,061
-	2,147,281	-	(1,185,789)	-	4,332,770
-	-	-	-	-	139,142
-	-	-	-	-	33,036
-	-	-	-	-	172,178
-	-	-	-	-	224,612
-	10,593	-	-	-	156,686
-	10,593	-	-	-	381,298
-	2,157,874	-	(1,185,789)	-	4,886,246
-	14,002,074	1,620,507	(606,169)	-	51,950,745
$ -	$ 16,159,948	$ 1,620,507	$ (1,791,958)	$ -	$ 56,836,991

See Independent Auditor’s Report on the Supplementary Information

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET
December 31, 2016

ASSETS	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
CURRENT ASSETS		
Cash and cash equivalents	$ 1,197,815	$ 1,274,862
Accounts receivable, residents, net of allowance for doubtful accounts $739,064	-	2,431,641
Entrance fees receivable	-	560,070
Other receivables	846	7,271
Due from affiliates, current portion	399,413	487,324
Due from third-party payors	-	300,628
Inventory	4,543	59,702
Prepaid expenses	56,988	301,030
Total current assets	1,659,605	5,422,528
INVESTMENTS, unrestricted	-	16,987,397
INVESTMENTS, restricted	-	4,301,427
RESIDENT FUNDS	-	29,166
STATUTORY MINIMUM LIQUID RESERVE	-	901,507
PROPERTY AND EQUIPMENT, net	194,861	34,289,535
DUE FROM AFFILIATES, net	-	3,000,000
SPLIT INTEREST AGREEMENTS	-	1,583,749
GOODWILL	-	-
INTEREST IN NET ASSETS OF FOREVER CARING FUND	-	-
DEFERRED COMPENSATION FUND	-	-
OTHER ASSETS	-	-
Total assets	$ 1,854,466	$ 66,515,309

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ 4,627,420	$ 12,052	$ 19,736	$ -	$ 7,131,885
-	1,248,906	-	17,591	-	3,698,138
-	-	-	-	-	560,070
-	-	-	945	-	9,062
-	-	-	-	(886,737)	-
-	95,913	-	-	-	396,541
-	-	-	-	-	64,245
-	117,873	-	14,232	-	490,123
-	6,090,112	12,052	52,504	(886,737)	12,350,064
-	1,408,493	-	-	-	18,395,890
-	-	-	-	-	4,301,427
-	18,670	-	-	-	47,836
-	173,455	-	-	-	1,074,962
-	5,069,874	1,619,455	2,108,201	-	43,281,926
-	-	-	-	(3,000,000)	-
-	125,612	-	-	-	1,709,361
-	-	-	900,000	-	900,000
-	3,397,972	-	-	-	3,397,972
-	39,020	-	-	-	39,020
-	-	-	45,626	-	45,626
$ -	$ 16,323,208	$ 1,631,507	$ 3,106,331	$ (3,886,737)	$ 85,544,084

See Independent Auditor’s Report on the Supplementary Information

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (CONTINUED)
December 31, 2016

LIABILITIES AND NET ASSETS (DEFICIT)	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
CURRENT LIABILITIES		
Current portion of long-term debt	$ -	$ 540,835
Accounts payable	-	412,457
Entrance fees payable	-	1,003,487
Accrued expenses	991,521	1,600,286
Due to affiliates, current portion	-	-
Total current liabilities	991,521	3,557,065
LONG-TERM DEBT, net	-	19,444,805
RESIDENT FUNDS	-	29,166
DEFERRED COMPENSATION LIABILITY	-	-
SECURITY DEPOSITS	-	39,500
DEFERRED ENTRANCE FEES	-	4,622,037
REFUNDABLE ENTRANCE FEES	-	1,918,063
INTEREST RATE SWAP AGREEMENTS	-	824,099
DUE TO AFFILIATES, net	-	-
CHARITABLE GIFT ANNUITIES	-	9,186
Total liabilities	991,521	30,443,921
NET ASSETS (DEFICIT)		
Unrestricted	862,945	30,186,212
Temporarily restricted	-	872,600
Permanently restricted	-	5,012,576
Total net assets (deficit)	862,945	36,071,388
Total liabilities and net assets (deficit)	$ 1,854,466	$ 66,515,309

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ -	$ -	$ -	$ -	$ 540,835
-	136,817	-	28,190	-	577,464
-	43,600	-	-	-	1,047,087
-	498,927	-	50,062	-	3,140,796
-	252,489	-	634,248	(886,737)	-
-	931,833	-	712,500	(886,737)	5,306,182
-	-	-	-	-	19,444,805
-	18,670	-	-	-	47,836
-	39,020	-	-	-	39,020
-	679,811	11,000	-	-	730,311
-	427,120	-	-	-	5,049,157
-	224,680	-	-	-	2,142,743
-	-	-	-	-	824,099
-	-	-	3,000,000	(3,000,000)	-
-	-	-	-	-	9,186
-	2,321,134	11,000	3,712,500	(3,886,737)	33,593,339
-	13,876,462	1,620,507	(606,169)	-	45,939,957
-	-	-	-	-	872,600
-	125,612	-	-	-	5,138,188
-	14,002,074	1,620,507	(606,169)	-	51,950,745
$ -	$ 16,323,208	$ 1,631,507	$ 3,106,331	$ (3,886,737)	$ 85,544,084

See Independent Auditor's Report on the Supplementary Information

**STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended December 31, 2016**

	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
CHANGES IN UNRESTRICTED NET ASSETS		
Operating revenue:		
Net resident service revenue, including amortization of entrance fees $1,138,817	$ -	$ 25,253,007
Management fees	3,013,287	-
Other income	184,504	289,332
Total operating revenue	3,197,791	25,542,339
Operating expenses:		
Salaries and wages	2,206,548	9,521,330
Purchased services and other fees	33,268	5,197,849
Employee benefits	352,450	2,354,072
Depreciation	63,146	1,670,674
Food	17,153	1,065,193
Supplies and purchases	10,900	809,398
Utilities	-	784,072
Repairs and maintenance	15,377	725,078
Administration	216,796	618,196
Interest	-	729,432
Insurance costs	19,261	213,947
Real estate taxes	-	327,098
Marketing and advertising	-	274,430
Provision for bad debts	-	1,470
Annuity payments	-	501
Amortization	-	-
Total operating expenses	2,934,899	24,292,740
Operating income (loss)	262,892	1,249,599
Non-operating income:		
Investment income	-	419,669
Contributions	-	83,882
Change in fair value of interest rate swap agreements	-	117,179
Total non-operating income	-	620,730
Excess (deficiency) of revenue and non-operating income over expenses	$ 262,892	$ 1,870,329

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ -	$ 14,021,121	$ -	$ 1,095,245	$ -	$ 40,369,373
-	-	-	-	(3,013,287)	-
-	126,752	-	1,015	-	601,603
-	14,147,873	-	1,096,260	(3,013,287)	40,970,976
-	5,254,588	-	635,893	-	17,618,359
-	2,823,173	-	83,096	(3,013,287)	5,124,099
-	1,446,480	-	168,595	-	4,321,597
-	502,577	-	88,337	-	2,324,734
-	504,614	-	92,398	-	1,679,358
28,750	422,222	-	46,738	-	1,318,008
-	335,740	-	117,967	-	1,237,779
-	298,849	-	66,296	-	1,105,600
-	322,732	-	42,987	-	1,200,711
-	-	-	-	-	729,432
-	96,619	-	20,522	-	350,349
-	-	-	10,935	-	338,033
-	10,131	-	26,167	-	310,728
675	128,750	-	-	-	130,895
-	-	-	-	-	501
-	-	-	1,214	-	1,214
29,425	12,146,475	-	1,401,145	(3,013,287)	37,791,397
(29,425)	2,001,398	-	(304,885)	-	3,179,579
-	21,238	-	-	-	440,907
-	258,717	-	-	-	342,599
-	-	-	-	-	117,179
-	279,955	-	-	-	900,685
$ (29,425)	$ 2,281,353	$ -	$ (304,885)	$ -	$ 4,080,264

See Independent Auditor’s Report on the Supplementary Information

STONERIDGE RETIREMENT LIVING COMMUNITIES, INC.
AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)
Year Ended December 31, 2016

	StoneRidge Retirement Living Communities, Inc.	StoneRidge Retirement Living
Changes in unrestricted net assets (deficit):		
Excess (deficiency) of revenue and non-operating income over expenses	$ 262,892	$ 1,870,329
Change in Forever Caring Fund	-	-
Net asset transfer	(57,397)	(308,945)
Unrealized gain (loss) on investments	-	120,667
Change in unrestricted net assets (deficit)	205,495	1,682,051
Changes in temporarily restricted net assets:		
Investment income on endowment fund	-	86,730
Increase in value of charitable remainder trust assets	-	4,604
Change in temporarily restricted net assets	-	91,334
Changes in permanently restricted net assets:		
Realized/unrealized gain on endowment fund	-	211,424
Increase (decrease) in value of perpetual trusts	-	85,917
Change in permanently restricted net assets	-	297,341
Change in net assets (deficit)	205,495	2,070,726
Net assets (deficit), beginning	657,450	34,000,662
Net assets (deficit), ending	$ 862,945	$ 36,071,388

See Independent Auditor's Report on the Supplementary Information

StoneRidge Family Medicine, Inc.	Church of God Home, Inc.	The Orchards at Marsh Run	Schoolyard Square	Eliminations	Total
$ (29,425)	$ 2,281,353	$ -	$ (304,885)	$ -	$ 4,080,264
-	96,491	-	-	-	96,491
366,342	-	-	-	-	-
-	(45,516)	-	-	-	75,151
336,917	2,332,328	-	(304,885)	-	4,251,906
-	-	-	-	-	86,730
-	-	-	-	-	4,604
-	-	-	-	-	91,334
-	-	-	-	-	211,424
-	(2,356)	-	-	-	83,561
-	(2,356)	-	-	-	294,985
336,917	2,329,972	-	(304,885)	-	4,638,225
(336,917)	11,672,102	1,620,507	(301,284)	-	47,312,520
$ -	$ 14,002,074	$ 1,620,507	$ (606,169)	$ -	$ 51,950,745

See Independent Auditor’s Report on the Supplementary Information

EXHIBIT “F”

PROFORMA INCOME STATEMENT

Church of God Home, Inc
Proforma Income Statement - 2018

Patient/Guest Service Revenue:	
Room & Board, Ancillary Revenue	15,839,109
Entrance Fee Amortization	125,000
Contractual Allowances - MA & MC	(2,200,884)
Contractual Allowances - Lifecare	-
Contractual Allowances - Benevolent	(276,107)
Net Patient/Guest Service Revenue	13,487,118
Other Income	
Rental & Miscellaneous income	76,757
Total Operating Revenue	13,563,875
Expenses	
Salaries & Wages	5,689,898
Employee Benefits	1,852,019
Supplies/Purchases	476,115
Utilities	339,000
Food Purchases	512,850
Maintenance & Repairs	306,565
Fees & Purchased Services	2,043,009
Depreciation & Amortization	527,069
Annuity Payments	-
Real Estate taxes	-
Insurance	106,937
Interest Expense	-
Administrative & Personnel	420,080
SRLC Management Services	1,229,560
Corporate Expense Allocation	
Total Operating Expenses	13,503,102
Non-operating Revenue	111,250
Net Revenue over Expenses	172,023

EXHIBIT "G"

STATEMENT OF MATERIAL DIFFERENCES

Church of God Home, Inc.
Exhibit G
Statement of Material Differences
For the Year Ended 12/31/17

2017 actual net profit was higher than pro forma net income by $1,722,876.

The primary items which generated this difference are shown below.

Net resident and patient service revenue lower due to decreased census	(433,384)
Investment Income and Contributions	805,863
Reductions in operating expenses	1,350,397

EXHIBIT "H"

RESIDENCY AGREEMENTS

Church of God Home, Inc
Current Resident's Agreement

A copy of the resident's agreement has been omitted, as no changes were made to the agreement since the prior filing.