



*"Alone we can do so little, together we can do so much."*  
Helen Keller

# Community

2015 Annual Report







*“What cannot be achieved in one lifetime will happen when one lifetime is joined to another.”*

Harold Kushner







# *Foulkeways*

AT GWYNEDD

## **FOULKEWAYS MISSION**

The mission of Foulkeways is to provide comprehensive services focused upon the needs of seniors and based upon Quaker values that promote independence, innovative living, respect, security, and choice.

## **FOULKEWAYS VISION**

Foulkeways will create transformative, life enhancing options for seniors, staff, and others.

## **FOULKEWAYS VALUES**

### **The Divine is in each of us**

In this belief is the experience that we are all connected, and that the joys and challenges of living are shared by us all. There is only one class of citizen in this vision – all are equal – and it is this belief that gives rise to the following values:

- Respect for all
- Inclusiveness
- Mutual support
- A positive view of self and each other
- Simplicity

### **Community exceeds the sum of its parts**

The gathering of individuals in the Foulkeways community is more than the sum of the parts. The Foulkeways community expands and grows in its collective character for the mutual benefit of all. This community encourages working together and sharing interests that promote understanding, mutual affection and group action. From this energy of community arise the following values:

- Honoring of individual gifts and attributes
- Creative growth
- Choice
- Opportunity
- Security
- Social responsibility
- Volunteerism

### **Leadership creates new opportunities and supports community**

Leadership in all its levels and forms provides the services and sets the course for the Foulkeways community. Leadership carries the dual purposes of providing for the present and preparing for the future. Both are necessary for meeting the needs of individuals and the community while securing ongoing financial viability. This is a dynamic and fluid process with all participating. It is both reactive and proactive. Leadership promotes the following values:

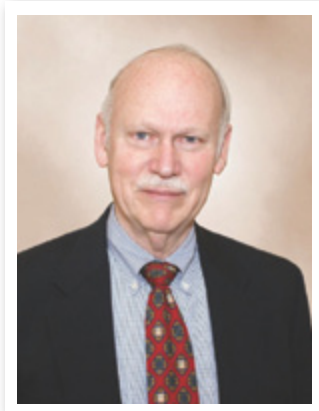
- Transparency
- Integrity
- Innovation
- Stewardship of resources
- Future planning
- Responsiveness
- Active communication



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## LETTER FROM THE PRESIDENT

Early in 2015 Foulkeways acquired a tract of land adjacent to the campus. These 20+ acres, owned by the Peters family, are mostly open space, and much of the area is wooded. The addition of this property to the campus provides us with better control of our surroundings, access to Evans Road, and additional space for facilities or functions which we might need in the future. We have no plans for doing anything with the property at the moment, but it is a lovely addition to our meadow and a nice place to walk and enjoy the outdoors.

During this past year it became clear that the need for additional personal care units was pressing. The Campus Master Plan, completed in 2011, included a building to address this need, and The Board decided to move ahead with that portion of the Master Plan. We have a final design for a three story building with 30 personal care units located adjacent to Abington House. It is called Abington North. The necessary township approvals are in process and construction is expected to begin in April of 2016. Other changes to Main Street that were part of the 2011 Master Plan will be incorporated into this project. The new Abington North and the Main Street changes will be a major improvement to the campus facilities.

The process of obtaining township approvals for the Abington North project has highlighted the positive change in our relationship with the township. Through Mike Peasley's cultivation of relationships with the township officials, certain personnel changes at the township and the help of residents who have had historical working relationships with the township, communication and reciprocal cooperation with the township has improved dramatically. There is now a genuine spirit of working in partnership to address Foulkeways' campus renewal needs.

With the Abington North project moving forward on a firm schedule, The Board will be turning its attention back to the long term facilities needs of the community. The D and L buildings have a longer life expectancy than was originally thought, but they still will need to be replaced in the next few years. The logistics of relocating D and L residents while the buildings are torn down and replaced, make this a challenging undertaking. It will require careful planning to ensure that we are preserving the natural beauty and general flavor of the campus through this process. The Board is proceeding cautiously, but the reality is that these needs are not going away and must be addressed.

Foulkeways continues to enjoy a strong financial position. We were able to finance the Peters property purchase from cash reserves and still maintain a healthy balance of unrestricted assets. We continue to meet the Standard and Poor's requirements for a strong BBB bond rating, - a desirable rating that is very rare for CCRC's. This rating is especially important as we put the financing in place for the Abington North Project.

Board membership continues to evolve as people retire and new people are added, but I am pleased to confirm that it is a very orderly progression. There is a well-organized process for recruiting new members who bring the needed skills and experience to The Board and who appreciate the culture of our community. Through these evolutionary changes in The Board make-up, the commitment to preserving the 'Spirit of Foulkeways' remains undiminished.

Sincerely,

Phillip L. Henderson  
President



## LETTER FROM THE CHIEF EXECUTIVE OFFICER

Foulkeways has been dedicated to maintaining and improving the quality of life for our residents, while providing a framework of friendship, caring and dignity since 1967. The emphasis here is on "Community." Our community includes several facets. One is our attractive and functional **buildings**, including the Community Center, Health Center, and Fitness Center, along with a variety of common spaces, and our newly renovated apartments and cottages. Another important element of our community is our lovely **grounds**, trees, and walking trails, along with private and public gardens. Finally, and most importantly, it is the **people** who come together to make our Foulkeways community such a special place. Together we bring the 'Spirit of Foulkeways' to life.

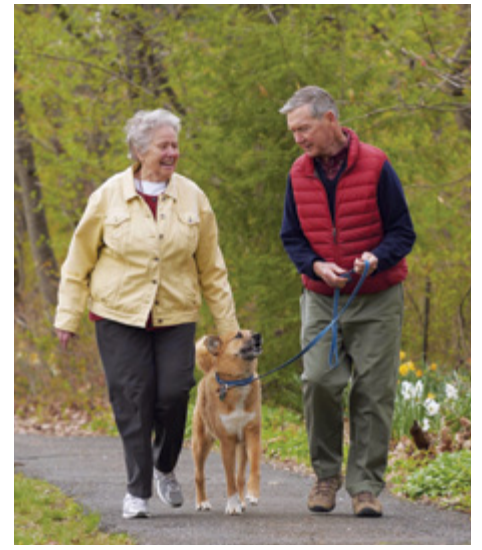
### BUILDINGS:

Our Community Center offers multiple activity spaces, the auditorium, and of course several dining venues. Dining Services has always been applauded here at Foulkeways, and yet now we are finding new and interesting ways to further improve variety and quality. New flexibility in our meal plan, sustainable seafood, and increasing use of "farm to table" are just a few examples of some of the fresh thinking in our dining programs. Our award-winning Health Center is scheduled for construction of 30 new Personal Care suites this coming year. This addition, plus numerous improvements to our indoor Main Street services, will enable us to continue to enhance our quality of care and ensure available space for those residents who need additional care and support.

Our independent living apartments have served our residents for nearly 50 years since Foulkeways opened in 1967. Now, and in the future, we have planned and budgeted for significant upgrades and improvements to each independent living apartment. These include beautiful new kitchens with granite counter tops, stainless steel appliances, new cabinets, lighting, new bathrooms with safety features and customizable finishes. We now offer sunroom additions to many of our two bedroom and one bedroom with den apartments. These have proven to be very desirable to our new generation of Foulkeways residents.

### GROUNDS:

Our beautiful campus and landscaping are very precious to all the members of our community. We are in the process of officially becoming an Arboretum in time for our 50th Anniversary in 2017. The resident Grounds Committee takes great pride in its work of ensuring the ongoing sustainability and accessibility of our campus. The Trees Plus Fund ensures the provision of care and maintenance for the numerous variety of trees in the woodland areas, as well as throughout our community. As we look to the next 50 years we intend to develop and maintain a Master Plan for the entire campus. This includes the trees, the natural landscape, the gardens, and infrastructure, as well as the thoughtful use of structures that serve the needs of the community while preserving the aesthetics and sustainability of our natural surroundings. We will be engaging a land planner to head a team of professionals, along with the Foulkeways Board, key staff members and residents, to develop a plan which will ensure that our goals are met. The recent addition of 20 acres to our campus provides new and interesting possibilities along with the responsibility to be good stewards of this new acquisition.



## PEOPLE:

The buildings at Foulkeways enable us to provide the highest quality of care and services in comfort and safety. The apartments provide comfortable and gracious living accommodations. Our grounds allow us to commune with nature and appreciate the beauty of the environment that sustains us. As important as these components are, the truly vital aspect of our community is the people. It is our residents, staff and Board members who create, embody and sustain the 'Spirit of Foulkeways.'

Residents enjoy serving on committees and interest groups that are a part of the important work of the Foulkeways Residents Association. Our dining options provide opportunity to maintain friendships as well as form new ones. There is no shortage of opportunities to interact among friends which enhance the lives of individuals as well as the vitality of the community.

Foulkeways is also blessed with staff members who are not only caring and professional; they also truly enjoy their work. I often hear employees state that they love their job. This is made real to us by observing the interactions that occur between staff members and residents. There is, in fact, a mutual respect between residents and staff. Each individual who is a part of the Foulkeways family is appreciated for what he or she brings to our community.

The Foulkeways Board also embodies the 'Spirit of Foulkeways.' These are dedicated volunteers who set the path to the future with strategic wisdom and a loving commitment to the Quaker values which are at the root of our identity as a community.

If you are already a member of the Foulkeways family, you have experienced the special nature of our community. Personally, it is an honor and a joy to be a part of this community. When I move into Foulkeways I will be the 3<sup>rd</sup> generation from my family to live here.

If you are still getting to know us, please know that you are welcome and we invite you to become a member of our community and a vital part of the 'Spirit of Foulkeways.'

Sincerely,

D. Michael Peasley  
Chief Executive Officer



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Foulkeways at Gwynedd  
Gwynedd, Pennsylvania

We have audited the accompanying financial statements of Foulkeways at Gwynedd (a Pennsylvania not-for-profit corporation), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditors' 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 auditors' 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 entity's 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Board of Directors  
Foulkeways at Gwynedd

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foulkeways at Gwynedd as of December 31, 2015 and 2014, and the results of its 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
March 30, 2016



An independent member of Nexia International

## BALANCE SHEETS

	December 31	
	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,288,169	\$ 4,816,344
Assets Limited as to Use, Externally Designated	588,369	571,707
Investments	16,881,620	20,214,004
Accounts Receivable		
Residents	241,481	307,071
Notes Receivable from Residents	1,606,300	1,330,737
Other	258,663	425,338
Prepaid Expenses and Other	462,266	478,749
Total Current Assets	<u>22,326,868</u>	<u>28,143,950</u>
<b>ASSETS LIMITED AS TO USE</b>		
Externally Designated under Bond Indenture Agreement	602,514	610,095
Externally Designated by Donors	6,679,734	6,645,913
Statutory Liquid Reserve	2,262,890	2,198,959
Internally Designated by Board	977,045	773,197
Total Assets Limited as to Use	<u>10,522,183</u>	<u>10,228,164</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>71,658,060</b>	66,745,204
<b>DEFERRED FINANCING COSTS, NET</b>	<b>568,401</b>	556,752
<b>OTHER ASSETS</b>	<b>221,987</b>	221,987
Total Assets	<u><u>\$ 105,297,499</u></u>	<u><u>\$ 105,896,057</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 669,540	\$ 791,324
Accrued Salaries and Payroll Taxes	1,638,020	1,796,156
Accrued Interest Payable	58,368	66,706
Monthly Billings Paid in Advance	167,449	175,099
Refundable Deposits from Prospective Residents	354,000	448,700
Current Portion of Capital Lease Obligations	82,411	72,268
Current Portion of Long-Term Debt	1,178,656	1,137,441
Total Current Liabilities	<u>4,148,444</u>	<u>4,487,694</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred Revenue from Resident Entry Fees	37,099,981	35,078,256
Long-Term Debt, Net of Current Portion	33,583,156	34,741,762
Liability for Pension Benefits	13,238,582	13,488,195
Other Liabilities	75,730	113,133
Total Long-Term Liabilities	<u>83,997,449</u>	<u>83,421,346</u>
Total Liabilities	<b>88,145,893</b>	87,909,040
<b>NET ASSETS</b>		
Unrestricted	10,471,872	11,341,104
Temporarily Restricted	5,787,609	5,753,888
Permanently Restricted	892,125	892,025
Total Net Assets	<u>17,151,606</u>	<u>17,987,017</u>
Total Liabilities and Net Assets	<u><u>\$ 105,297,499</u></u>	<u><u>\$ 105,896,057</u></u>

# STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

	Years Ended December 31	
	2015	2014
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT</b>		
Revenue, Gains, and Other Support:		
Resident Care Fees	\$ 16,629,052	\$ 16,197,898
Amortization of Deferred Resident Entry Fees	4,122,275	4,111,373
Health Center Revenue	3,589,685	3,632,168
Unrestricted Contributions, Gifts, and Bequests	26,147	308,281
Investment Income	630,802	863,579
Other Revenue	1,091,281	1,000,588
Net Assets Released from Restrictions	659,272	489,558
Total Unrestricted Revenues and Other Support	<u>26,748,514</u>	<u>26,603,445</u>
<b>OPERATING EXPENSES</b>		
Health Services	6,592,866	6,353,729
Dining Services	4,086,848	4,039,638
General and Administrative	7,214,355	6,826,150
Maintenance	1,865,772	1,792,228
Housekeeping	1,570,324	1,547,788
Utilities	977,002	1,076,567
Real Estate Taxes	571,864	563,546
Depreciation and Amortization	3,936,024	3,615,693
Interest Expense	802,819	868,434
Total Operating Expenses	<u>27,617,874</u>	<u>26,683,773</u>
<b>OPERATING LOSS</b>	<b>(869,360)</b>	<b>(80,328)</b>
<b>NONOPERATING INCOME (LOSSES)</b>		
Loss on Sale of Property and Equipment	(360,503)	(199,569)
Change in Unrealized Losses on Trading Securities	(729,508)	(364,213)
<b>DEFICIT OF REVENUES AND OTHER SUPPORT OVER EXPENSES AND LOSSES</b>	<b>\$ (1,959,371)</b>	<b>\$ (644,110)</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
Net Assets Released from Restrictions - Purchase of Equipment	3,581	4,110
Contributions Received for Purchases of Equipment	182,087	56,601
Change in Pension Plan Assets and Benefit Obligations Other than Periodic Benefit Cost	904,471	(5,489,291)
Change in Unrestricted Net Assets	<u>(869,232)</u>	<u>(6,072,690)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	842,780	818,066
Net Assets Released from Restrictions	(750,277)	(516,143)
Investment Income	187,915	173,631
Net Realized Gains (Losses) on Investments	(2,022)	48,385
Net Unrealized Losses on Investments	(244,675)	(62,581)
Change in Temporarily Restricted Net Assets	<u>33,721</u>	<u>461,358</u>
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	100	600
Change in Permanently Restricted Net Assets	<u>100</u>	<u>600</u>
<b>CHANGE IN NET ASSETS</b>	<b>(835,411)</b>	<b>(5,610,732)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>17,987,017</b>	<b>23,597,749</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 17,151,606</b>	<b>\$ 17,987,017</b>



## STATEMENT OF CASH FLOWS

	Years Ended December 31	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (835,411)	\$ (5,610,732)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,936,024	3,615,693
Net Realized and Unrealized Losses on Investments and Assets Limited as to Use	983,765	343,121
Restricted Contributions and Investment Income	(846,586)	(983,481)
Amortization of Deferred Resident Entry Fees	(4,122,275)	(4,111,373)
Proceeds from Deferred Resident Entry Fees	5,868,438	3,701,405
Net Refundable Deposits (Paid) Received	(94,700)	144,700
Amortization of Discount on Promissory Note	15,216	39,190
Change in Liability for Pension Benefits	(904,471)	5,489,291
(Increase) Decrease in:		
Accounts Receivable	232,265	579,976
Prepaid Expenses and Other	16,483	3,680
Other Assets	-	(96,192)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(288,258)	(197,279)
Advance Billings	(7,650)	(488)
Other Liabilities	699,866	328,242
Net Cash Provided by Operating Activities	4,652,706	3,245,753
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Investments, Net	2,037,937	3,080,283
Capital Expenditures	(8,814,482)	(4,161,281)
Net Cash Used by Investing Activities	(6,776,545)	(1,080,998)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Restricted Contributions and Investment Income	846,586	983,481
Repayment of Capital Lease Obligation	(72,268)	(68,771)
Repayment of Long-Term Debt	(1,137,441)	(1,101,932)
Financing Costs for Issuance of Long Term Debt	(41,213)	-
Net Cash Used by Financing Activities	(404,336)	(187,222)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,528,175)	1,977,533
Cash and Cash Equivalents - Beginning of Year	4,816,344	2,838,811
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,288,169	\$ 4,816,344
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ 795,941	\$ 831,755
Construction Expenditures within Accounts Payable and Accrued Expenses	\$ 195,907	\$ 257,929

# NOTES TO FINANCIAL STATEMENTS

December 31, 2015 And 2014

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Background

Foulkeways at Gwynedd (Foulkeways) was founded in 1967 as a not-for-profit life care retirement community and is located in Gwynedd, Pennsylvania. Foulkeways houses approximately 414 residents living in 252 apartments, in addition to operating a Medicare-certified Health Center with 47 active beds and a personal care unit with 59 beds.

### Use of Estimates

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

### Cash and Cash Equivalents

Foulkeways considers cash and cash equivalents to include investments in highly liquid investments with original maturity dates of three months or less, excluding amounts that are limited as to use, either internally or externally. Foulkeways deposits cash in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash in the bank may exceed FDIC insurable limits.

### Escrow Deposits

Applicants for an independent living unit are required to make a refundable deposit when the application is filed. Any deposits in excess of 5% of the proposed entrance fees are maintained in an escrow account for entrance fees. As of December 31, 2015, the account balance was \$68,772.

### Notes Receivable from Residents

Foulkeways offers incoming residents the ability to defer their entry fees for a range of four to six months with unsecured notes, renewable for additional periods, with interest rates ranging from 0% to the prime rate plus 1%, depending on market conditions.

### Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income or loss (including realized gains and losses on investments, interest and dividends) is recorded as revenue, except for investment income or loss associated with contributions for resident assistance, capital additions and other purposes specified by donors.

Foulkeways has determined that the portion of its investment portfolio outsourced to third-party money managers, previously designated as "other than trading," should be designated as "trading" and these changes in unrealized gains and losses are reported within excess (deficit) of revenues and other support over expenses and losses.

### Property and Equipment

Land, land improvements, buildings and improvements, furniture and equipment, and vehicles are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets, generally 3 to 45 years. Foulkeways capitalizes any asset costing \$1,000 or over and having an anticipated useful life of over one year.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property and Equipment (Continued)

	2015	2014
Land	\$ 8,107,131	\$ 4,903,986
Land Improvements	1,905,973	1,777,038
Buildings and Improvements	85,946,979	81,615,600
Furniture and Equipment	13,457,944	12,714,545
Vehicles	593,249	569,190
Construction in Progress	3,278,883	3,470,050
Total	113,290,159	105,050,409
Less: Accumulated Depreciation	(41,632,099)	(38,305,205)
Total Property and Equipment, Net	\$ 71,658,060	\$ 66,745,204

#### Deferred Financing Costs

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

#### Other Assets

Foulkeways carries general and professional liability insurance with Peace Church Risk Retention Group, Inc. (PCRRG). Foulkeways is a subscriber and is a 2.229% owner of this group captive as of December 31, 2015 and 2014. The group captive is domiciled in Vermont and licensed by the Vermont Insurance Department. The investment in PCRRG totaling \$125,795 is recorded at cost as "Other Assets" in the accompanying balance sheets.

#### Deferred Revenue from Resident Entry Fees

Upon entry to Foulkeways at Gwynedd, Foulkeways and the resident sign a Residence and Care Agreement (the Agreement). The Agreement requires Foulkeways to provide facilities, services and medical care to the resident. Entry fees received are recorded as deferred revenue from resident entry fees in the accompanying balance sheets.

The resident entry fees are subject to the refund provisions of the Agreement. At December 31, 2015 and 2014, the portion of the deferred resident entry fees subject to such refund provisions amounted to \$11,439,764 and \$10,464,021, respectively. The refund periods expire ratably over fifty months from the respective dates of entrance. Refunds are payable upon re-occupancy of the vacated unit.

Amortization of deferred resident entry fees in the statements of operations and changes in net assets represents the current year's amortization of deferred revenue from resident entry fees. The amortization is based upon the actuarially determined remaining lives of each resident or resident couple (using the historical experience of Foulkeways) at the end of the reporting year. However, only resident entry fee revenue up to the amount of deferred entry fees that is nonrefundable is recognized. Upon the death of a sole surviving resident, any remaining unamortized portion of the resident entry fee is recognized as revenue.



# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Refundable Deposits from Prospective Residents

Refundable deposits from prospective residents represent waiting list deposits and entry fees deposits of new residents. Waiting list deposits by prospective residents or resident couples are fully refundable and are credited toward the entry fee upon move-in. Deposits for entry fees are fully refundable if a prospective resident is denied occupancy and partially refundable if an accepted prospective resident opts not to sign a Residence and Care Agreement. Waiting list deposits amounted to \$287,000 and \$303,000 as of December 31, 2015 and 2014, respectively. Entry fees deposits amounted to \$67,000 and \$145,700 as of December 31, 2015 and 2014, respectively.

### Obligation to Provide Future Services

Foulkeways calculates the present value of the cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from resident entry fees to determine if a liability and corresponding charge to income should be recorded. As of December 31, 2015 and 2014, the present value of the net cost of future services and use of facilities does not exceed the deferred revenue from resident entry fees and, as such, no liability for the obligation to provide future services was required to be recorded as of December 31, 2015 and 2014.

### Temporarily Restricted Net Assets, Permanently Restricted Net Assets, and Donor-Restricted Gifts

Temporarily restricted net assets are net assets whose use has been restricted by donors to a specific purpose. These amounts are principally restricted to resident assistance and improvements to the buildings and grounds. Permanently restricted net assets have been restricted by a donor to be maintained by Foulkeways in perpetuity, with the income and gains available for certain restricted purposes.

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions.

Temporarily and permanently restricted net assets are restricted by donors for the following purposes:

	<u>2015</u>	<u>2014</u>
Temporarily Restricted Net Assets:		
Resident Assistance Funds	\$ 4,742,108	\$ 4,910,019
Capital Additions Funds	571,414	296,018
Other Funds	474,087	547,851
Total	<u>5,787,609</u>	<u>5,753,888</u>
Permanently Restricted Net Assets:		
Resident Assistance Funds	350,000	350,000
Capital Additions Funds	60,000	60,000
Other Funds	482,125	482,025
Total	<u>892,125</u>	<u>892,025</u>
Total Restricted Net Assets	<u>\$ 6,679,734</u>	<u>\$ 6,645,913</u>

During 2015 and 2014, net assets were released from donor restrictions for purchases of equipment and resident monthly and entry fee assistance.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Excess (Deficit) of Revenues and Other Support over Expenses and Losses**

The statements of operations and changes in net assets include the caption "excess (deficit) of revenues and other support over expenses and losses." Changes in unrestricted net assets, which are excluded from the excess (deficit) of revenues and other support over expenses and losses, include contributions of long-lived assets (including assets acquired using donor-restricted contributions specified to be used for the purpose of acquiring such assets) and changes in pension plan assets and benefit obligations other than periodic benefit cost.

### **Income Taxes**

Foulkeways is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Foulkeways follows the provisions of the income tax standard regarding the recognition and measurement of uncertain tax positions. The application of these provisions has no impact on the Organization's financial statements.

Foulkeways' income tax returns are subject to review and examination by federal, state, and local authorities. Foulkeways is not aware of any activities that would jeopardize its tax-exempt status.

### **Fair Value Measurements**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. Foulkeways emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

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

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

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

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

Additionally, from time to time, Foulkeways may be required to record at fair value other assets on a nonrecurring basis in accordance with generally accepted accounting principles.

### **Resident Assistance**

Foulkeways provides financial assistance on an as needed basis from various resident assistance funds in order to supplement monthly income, entry fees and fees for life enrichment. The financial assistance provided in 2015 and 2014 was \$602,640 and \$369,012, respectively.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Subsequent Events

In preparing these financial statements, Foulkeways has evaluated events and transactions for potential recognition or disclosure through March 30, 2016, the date the financial statements were issued.

### NOTE 2 INVESTMENTS AND ASSETS LIMITED AS TO USE

The functional composition of assets limited as to use externally designated under the bond indenture agreement and by donors and internally designated by the Board is set forth below:

	2015	2014
Externally Designated by Long-Term Debt Agreements		
Series 2006 Bond Indenture:		
Debt Service Reserve Fund	\$ 1,091,250	\$ 1,091,250
Debt Service Fund	99,633	90,552
Total	1,190,883	1,181,802
Less: Current Portion	(588,369)	(571,707)
Total	\$ 602,514	\$ 610,095
Externally Designated by Donors:		
Resident Assistance	\$ 5,092,108	\$ 5,260,019
Capital Additions	631,414	356,018
Other	956,212	1,029,876
Total	\$ 6,679,734	\$ 6,645,913
Internally Designated by the Board:		
Used at the Discretion of the Board	\$ 977,045	\$ 773,197

Assets limited as to use externally designated for donor purposes include a resident assistance fund for residents unable to pay the monthly service fee or entry fee due to circumstances beyond their control.

Under the provisions of the *Pennsylvania Continuing Care Provider Registration and Disclosure Act* (Act), Foulkeways must maintain a statutory minimum liquid reserve as of December 31, 2015, that is equal to the greater of 10% of the 2016 total projected operating expenses, exclusive of depreciation, or the 2016 debt service requirements. The calculation of the statutory minimum liquid reserve requirement as of December 31, 2015 and 2014, is shown in detail below. Under the provisions and related amendments of the Act, management believes that the liquid portion of the investment portfolio satisfies this requirement. Management believes that Foulkeways is in compliance with all other requirements of the Act as of December 31, 2015.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 2 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

	<u>2015</u>	<u>2014</u>
Projected Annual Interest Expense	\$ 766,440	\$ 792,233
Principal Payments Due on Long-Term Debt	1,178,656	1,137,441
Liquid Reserve Requirement	<u>1,945,096</u>	<u>1,929,674</u>
Projected Annual Operating Expenses	22,628,896	21,989,585
Minimum Rate	10%	10%
Liquid Reserve Requirement	<u>2,262,890</u>	<u>2,198,959</u>
Statutory Liquid Reserve Requirement	<u>\$ 2,262,890</u>	<u>\$ 2,198,959</u>

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

	<u>2015</u>	<u>2014</u>
Investments and Assets Limited as to Use:		
Cash and Equivalents	\$ 1,190,884	\$ 1,229,356
U.S. Government and Agency Securities	1,264,785	2,376,442
Mutual Funds	9,673,231	9,678,122
Corporate Bonds	10,337,091	9,029,558
Internationals	5,526,181	8,700,397
Total	<u>\$ 27,992,172</u>	<u>\$ 31,013,875</u>

Investment income and gains (losses) for investments and assets limited as to use and cash equivalents are comprised of the following:

	<u>2015</u>	<u>2014</u>
Unrestricted Investment Income:		
Dividends and Interest Income	\$ 640,384	\$ 779,906
Realized Gains (Losses) on Sales of Securities	(9,582)	83,673
Subtotal	<u>630,802</u>	<u>863,579</u>
Change in Unrealized Losses on Securities	<u>(729,508)</u>	<u>(364,213)</u>
	<u>\$ (98,706)</u>	<u>\$ 499,366</u>
Restricted Investment Income:		
Dividends and Interest Income	\$ 187,915	\$ 173,631
Realized Gains (Losses) on Sales of Securities	(2,022)	48,385
Subtotal	<u>185,893</u>	<u>222,016</u>
Change in Unrealized Losses on Securities	<u>(244,675)</u>	<u>(62,581)</u>
	<u>\$ (58,782)</u>	<u>\$ 159,435</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3 LONG-TERM DEBT

Long-term debt consists of:

	2015	2014
Montgomery County Industrial Development Authority Revenue Bonds, Series 2006	\$ 23,295,211	\$ 23,960,377
Citizens Bank - Bank Qualified Loan	10,313,305	10,480,746
Gwynedd Promissory Note, due through June 26, 2019, Discounted at Imputed Interest Rate of 2.02%, Net of Discount of \$46,704 and \$61,920 at December 31, 2015 and 2014, Respectively, Secured by the Land	1,153,296	1,438,080
Total	34,761,812	35,879,203
Less: Current Portion	(1,178,656)	(1,137,441)
Total Long-Term Debt, Net of Current Portion	\$ 33,583,156	\$ 34,741,762

The 2006 Bonds, net of unamortized discount, are summarized as follows:

	2015	2014
Series A:		
Serial Bonds, due through December 1, 2018 with Interest Ranging from 4.400% to 4.625%	\$ 1,660,000	\$ 2,165,000
5.0% Term Bonds, due 2019 - 2024, Net of Discount of \$69,789 and \$74,623 at December 31, 2015 and 2014, Respectively	4,045,211	4,040,377
5.0% Term Bonds, due 2025 - 2030	5,515,000	5,515,000
Series B:		
Variable Rate Bonds, due December 1, 2036	12,075,000	12,240,000
Total	\$ 23,295,211	\$ 23,960,377

Under a Loan and Trust Agreement dated June 1, 2006 between Foulkeways, the Montgomery County Industrial Development Authority, and U.S. Bank National Association (as Trustee), Foulkeways received tax-exempt bond proceeds which were used to advance refund the Series 1999 Bonds, refinance the Construction Loan, finance the renovation and expansion of Foulkeways' community center and other miscellaneous capital expenditures, pay bond issuance costs, and to establish a debt service reserve fund for the Series 2006A Bonds.

The 2006 Bonds consist of \$11,290,000 fixed rate revenue bonds (Series 2006A) and \$12,075,000 variable rate revenue bonds (Series 2006B). The average interest rate on the variable rate revenue bonds was 0.04% in 2015 and 0.06% in 2014. The 2006 Bonds are secured by a mortgage on certain property and the gross receipts of Foulkeways. Additionally, the 2006A Bonds are secured by a Debt Service Reserve Fund.

The Series 2006A Bonds require annual sinking fund principal payments ranging from \$530,000 in 2016 to \$1,035,000 in 2030. The 2006B Bonds require annual sinking fund principal payments ranging from \$170,000 in 2016 to \$1,595,000 in 2036.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3 LONG-TERM DEBT (CONTINUED)

The 2006B Bonds are secured by an irrevocable letter of credit (Letter of Credit) between Foulkeways and Citizens Bank (the Bank). The Letter of Credit is an obligation of the Bank to pay the Trustee amounts sufficient to pay the principal amount of and up to 51 days of accrued interest on the 2006B Bonds when due, whether at maturity, or upon acceleration or call for redemption, and amounts sufficient to pay the purchase price of any 2006B Bonds tendered for purchase and not remarketed. During 2015 Foulkeways secured an extension on this Letter of Credit through September 30, 2020. Any draw under the Letter of Credit creates a reimbursement obligation on the part of Foulkeways in favor of the Bank in the form of a term loan requiring repayment by Foulkeways based on a schedule consistent with the scheduled principal payments on the 2006B Bonds. The Letter of Credit secures the 2006B Bonds only.

On November 15, 2009, Foulkeways entered into a Loan and Security Agreement with Citizens Bank (the "Bank") and Montgomery County Industrial Development Authority (the "Authority") pursuant to which the Authority sold the Series 2009 bonds to the Bank. From the proceeds, Foulkeways may borrow up to \$11,000,000 of the Authority's Economic Development Revenue Note (Foulkeways at Gwynedd Project, Series of 2009), referred to as the Bank Qualified Loan. On October 13, 2015, a portion of the Series 2009 bonds were reissued in the principal amount of \$341,961 and designated as the Montgomery County Industrial Development Authority Revenue Bond, Series 2009-A (the "Reissued 2009-A Bond"). The remaining \$10,000,000 principal amount of the bond is not affected by the modifications contained in the Reissued 2009-A Bond. The Bank Qualified Loan bears interest at a variable rate of LIBOR plus the LIBOR rate margin multiplied by 0.68. Interest is due on a monthly basis, and the interest rate as of December 31, 2015 and 2014, was 1.52% and 1.99%, respectively.

The proceeds of the Bank Qualified Loan were used to finance the renovation and expansion of Foulkeways' community center and other miscellaneous capital expenditures, as well as payment of a portion of the costs and expenses of issuing the Bank Qualified Loan.

As of December 31, 2015 and 2014, the outstanding balance on the Bank Qualified Loan was \$10,313,305 and \$10,480,746, respectively.

Under its debt agreements, Foulkeways must comply with certain restrictive covenants relating to days cash on hand and debt service coverage computed annually. As defined, Foulkeways is required, among other things, to maintain a debt service coverage ratio of 1.20:1.00 and a days cash on hand (unrestricted cash and investments divided by the average daily operating expenses, net of depreciation and amortization) of 180 days. Management represents that Foulkeways was in compliance with all required financial covenants at December 31, 2015.

On June 26, 2012, Foulkeways purchased the land from Trustees of Gwynedd Monthly Meeting of Friends and entered into a loan agreement in the amount of \$2,100,000. As of December 31, 2015 and 2014, the remaining balance on this note was \$1,200,000, and \$1,500,000, respectively.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3 LONG-TERM DEBT (CONTINUED)

At December 31, 2015, principal payments on long-term debt during the next five years and thereafter are as follows:

Year Ending December 31,	Series A 2006 Bonds	Series B 2006 Bonds	Bank Qualified	Gwynedd Note	Total
2016	\$ 530,000	\$ 170,000	\$ 178,656	\$ 300,000	\$ 1,178,656
2017	555,000	175,000	190,624	300,000	1,220,624
2018	575,000	185,000	203,388	300,000	1,263,388
2019	605,000	190,000	217,010	300,000	1,312,010
2020	640,000	190,000	231,541	-	1,061,541
Thereafter	8,385,000	11,165,000	9,292,086	-	28,842,086
Total	11,290,000	12,075,000	10,313,305	1,200,000	34,878,305
Less: Discount	69,789	-	-	46,704	116,493
	<u>\$ 11,220,211</u>	<u>\$ 12,075,000</u>	<u>\$ 10,313,305</u>	<u>\$ 1,153,296</u>	<u>\$ 34,761,812</u>

Interest expense on long-term debt in 2015 and 2014 was \$796,762 and \$858,879, respectively. Foulkeways uses quoted market prices in estimating the fair value for the Series 2006A Bonds. The fair value of the Series 2006A Bonds at December 31, 2015 and 2014 was \$11,391,733 and \$12,287,050, respectively. The fair value of the Series 2006B Bonds approximates carrying value, since these bonds are remarketed on a continuous basis. The fair value of the Bank Qualified Loan and the Gwynedd Note approximates carrying value.

### NOTE 4 CAPITAL LEASE OBLIGATIONS

During 2012, the Company entered into a \$347,530 capital lease financing agreement and replaced the existing agreement made in 2008. The term of this lease is 60 months with an annual interest rate of 4.971%. The lease is secured by the underlying capital asset. The long-term capital lease obligations are included in "Other Liabilities" and the current portion is included in "Current Portion of Capital Lease Obligations." The gross amount of equipment under the capital lease at December 31, 2015 and 2014, included in property and equipment was \$347,530. Accumulated depreciation on equipment under capital lease amounted to \$272,232 and \$202,726 at December 31, 2015 and 2014, respectively.

The minimum future obligations under the capital leases are as follows:

Year Ending December 31,	Amount
2016	\$ 78,326
2017	6,494
Total Minimum Lease Payments	84,820
Less: Amounts Representing Interest	(2,409)
Present Value of Future Minimum Lease Payments	<u>\$ 82,411</u>

Interest expense on capital lease obligations in 2015 and 2014 was \$6,057 and \$9,555, respectively.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 5 FUNCTIONAL EXPENSES

Foulkeways provides continuing and long-term care for the aging. Expenses related to providing these services are as follows:

	<b>2015</b>	<b>2014</b>
Program Activities	<b>\$ 20,403,519</b>	\$ 19,857,623
Fundraising Activities	<b>103,137</b>	96,363
General and Administrative	<b>7,111,218</b>	6,729,787
Total	<b>\$ 27,617,874</b>	\$ 26,683,773

### NOTE 6 PENSION AND SAVINGS PLANS

Foulkeways sponsors a defined benefit pension plan exempt from the Employee Retirement Income Security Act of 1974 rules due to "church plan" status. The plan covers substantially all of its employees. Employers are required to recognize the over-funded or under-funded status of a defined benefit pension plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year in which the changes occur through unrestricted net assets.

During 2014, Foulkeways adopted the Society of Actuaries (SOA) recently finalized new mortality tables (RP-2014) and a new mortality improvement scale (MP-2014) for use in the measurement of plan obligations by private defined benefit retirement plans as a replacement to the RP-2000 mortality table with generational projection using Scale AA. The adoption of the new table and scales, and a decrease in the estimated discount rate, resulted in a 9.8% increase in projected benefit obligations to approximately \$23,500,000 at December 31, 2014. The increase in the projected benefit obligations resulting from the implementation of the new mortality tables and mortality improvement scale was approximately \$1,728,800. The increase in the projected benefit obligations resulting from the decrease in discount rate from 4.81% to 3.87% was approximately \$3,289,100.

The following is a summary of the key components and assumptions related to the pension plan:

	<b>2015</b>	<b>2014</b>
Change in Benefit Obligation:		
Projected Benefit Obligation at Beginning of Year	<b>\$ 23,494,000</b>	\$ 17,402,000
Service Cost	<b>871,469</b>	624,160
Interest Cost	<b>878,935</b>	829,993
Actuarial (Gain) Loss	<b>(1,688,658)</b>	5,163,702
Benefits Paid	<b>(597,746)</b>	(525,855)
Projected Benefit Obligation at End of Year	<b>22,958,000</b>	23,494,000
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	<b>10,005,805</b>	9,707,747
Actual Return on Plan Assets	<b>(563,641)</b>	223,913
Employer Contributions	<b>875,000</b>	600,000
Benefits Paid	<b>(597,746)</b>	(525,855)
Fair Value of Plan Assets at End of Year	<b>9,719,418</b>	10,005,805
Net Amounts Recognized in the Balance Sheets		
Consist of Liability for Pension Benefits	<b>\$ 13,238,582</b>	\$ 13,488,195
Accumulated Benefit Obligation	<b>\$ 19,492,000</b>	\$ 19,936,000

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

	2015	2014
Amounts Recognized in Unrestricted Net Assets		
Not Yet in Net Periodic Benefit Cost Consist of:		
Net Actuarial Loss	\$ 8,360,846	\$ 9,327,628
Prior Service Cost (Benefit)	(635,567)	(697,878)
Total	\$ 7,725,279	\$ 8,629,750
Components of Net Periodic Benefit Cost		
Service Cost	\$ 871,469	\$ 624,160
Interest Cost	878,935	829,993
Expected Return on Plan Assets	(645,144)	(660,221)
Amortization of Prior Service Cost (Benefit)	(62,311)	(62,311)
Amortization of Net Actuarial Loss	486,909	173,030
Net Periodic Benefit Cost	\$ 1,529,858	\$ 904,651

	2015	2014
Weighted-Average Assumptions Used to Determine Benefit Obligation were:		
Discount Rate	4.21%	3.87%
Rate of Compensation Increase	3.75%	3.75%

Weighted-Average Assumptions used to Determine Net Periodic Benefit Cost were:		
Discount Rate	3.87%	4.81%
Expected Long-Term Return on Plan Assets	6.50%	7.00%
Rate of Compensation Increase	3.75%	3.75%

To develop the expected long-term rate of return on assets assumption, Foulkeways considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of the 6.5% long-term rate of return on assets assumption. The estimated net deferred actuarial loss and prior service cost (benefit) that will be amortized into net periodic benefit cost for 2015 is approximately \$450,933 and (\$62,311), respectively, totaling \$388,622.

#### Plan Assets

The plan's actual weighted-average asset allocations and target asset allocations, by asset category, are as follows:

Asset Category	Target Allocation	2015	2014
Equity Securities	40-65%	55%	55%
Debt Securities and Other	25-50%	45%	45%
		100%	100%

The investment policy and strategy for the plan assets is to conserve and enhance the capital value of the funds in real terms, through asset appreciation and income generation.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

#### Cash Flows

##### *Contributions*

Foulkeways is currently evaluating contributions to the pension plan for 2016. In 2015 and 2014, Foulkeways contributed \$875,000, and \$600,000 to the plan, respectively.

##### *Estimated Future Benefit Payments*

The following benefit payments that expect to be paid by the plan during the next five years and five years thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 642,000
2017	759,000
2018	855,000
2019	914,000
2020	992,000
2021 - 2025	5,930,000

#### Savings Plan

Foulkeways offers a contributory 403(b) savings plan which is available to substantially all employees and provides a 50% match of employee contributions up to a maximum of 3% of annual compensation. Total expense related to this plan was \$195,321 and \$186,806 for the years ended December 31, 2015 and 2014, respectively.

### NOTE 7 COMMITMENTS AND CONTINGENCIES

#### Home and Care Committee

Foulkeways, under an agreement with the Trustees of Abington Quarterly Meeting of Friends and the Committee of the Abington Quarterly Meeting Home for Friends at Norristown (Home and Care Committee), and in consideration of cumulative contributions received or pledged, will provide entry fee credits to be used by the Home and Care Committee for financial aid to those persons the Home and Care Committee recommends as requiring assistance. The total amount of money available to the Home and Care Committee as entry fee credits is the sum resulting from multiplying the number 10 and the minimum entry fee charged by Foulkeways, with the right of replacement should any of the credits not be in use. For the years ended December 31, 2015 and 2014, this amount was \$670,000, and \$620,000, of which \$131,000 and \$236,000, respectively, is available for use as of December 31, 2015 and 2014.

#### Health Insurance Program

Foulkeways has set up a self-insured group health plan with Peace Church Health Insurance Program (PCHIP) effective July 15, 2013, replacing the previous premium-based plan. Foulkeways assumes the risk for paying the health care claim costs up to \$35,000 per participant per year. Additional claims are supported by PCHIP and the stop loss insurance of the Plan.

#### Legal and Regulatory

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### Legal and Regulatory (Continued)

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

### NOTE 8 SELF-INSURANCE TRUST

During 1995, Foulkeways entered into an agreement with certain other community members of Friends Services for the Aging to form a self-insurance fund known as Friends Workers' Compensation Collaborative (the Collaborative). The Collaborative is an entity separate from all members of the Fund that enables the members to separate the legal and equitable rights to the assets and monies of the Collaborative. Foulkeways is responsible for paying an annual contribution to the Collaborative as determined by an independent actuary. Foulkeways' contributions to the Collaborative, net of distributions received, were \$172,392 and \$198,347 in 2015 and 2014, respectively.

### NOTE 9 FAIR VALUE MEASUREMENTS

The following table presents Foulkeways' fair value hierarchy for those investments measured at fair value on a recurring basis as of December 31, 2015.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Current Investments and Assets Limited as to Use	\$ 17,469,989	\$ -	\$ -	\$ 17,469,989
Noncurrent Assets Limited as to Use	10,522,183	-	-	10,522,183
Total	<u>\$ 27,992,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,992,172</u>

The following table presents the Foulkeways' fair value hierarchy for those investments measured at fair value on a recurring basis as of December 31, 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Current Investments and Assets Limited as to Use	\$ 20,785,711	\$ -	\$ -	\$ 20,785,711
Noncurrent Assets Limited as to Use	10,228,164	-	-	10,228,164
Total	<u>\$ 31,013,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,013,875</u>

When quoted market prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include equity securities and mutual funds, fixed income mutual funds, and real estate mutual funds.



# 2015 - 2016 BOARD OF DIRECTORS

## **Phillip S. Brackin, MD**

Department of Radiology, Temple Lower Bucks Hospital, Bristol, PA. Diplomat, American Board of Radiology. Member of the Board of Trustees, Temple Lower Bucks Hospital. Member of Gwynedd Friends Meeting.

## **Mary L. Buckman**

Attorney and Partner, Ford and Buckman, P.C, Blue Bell, PA. Member of Abington Monthly Meeting.

## **Pam Caprio**

Benefits and Financial Advisor, Center for Financial Strategies. Member Society of Certified Senior Advisors. Member Bucks County Estate Planning Council. Member of Buckingham Friends Meeting.

## **Howard R. Cell**

Resident of Foulkeways. Retired Teacher, Rowan University. Clerk of the Philadelphia Quaker Volunteer Service Support Committee.

## **Rebecca H. Cratin**

Current Abington Quarter Home and Care Administrator, Certified Bereavement Facilitator, Holds a Private Counseling Practice. Member of Abington Quarterly Meeting

## **Cynthia Evans**

Resident of Foulkeways. Board Chair of Bi-County Fuels, Inc. Representative of Abington Quarterly Meeting Home and Care Committee. Member of Gwynedd Friends Meeting.

## **William J. Goulding**

Retired Teacher, William Penn Charter School, Philadelphia, PA. Former Headmaster and Teacher at Wilmington Friends School, Wilmington, Delaware. Member of Westtown Monthly Meeting.

## **C. Stuart Hain**

Director of Facilities Management, Swarthmore College.

## **Phillip L. Henderson**

President, Motson Graphics, Inc., Member Scattergood Friends School Board, Chair of Strategic Planning Committee. Member of Doylestown Monthly Meeting.

## **Marie Hubbs**

Circulation Supervisor Wissahickon Valley Public Library. Member of Gwynedd Friends Meeting.

## **Charles W. Kent:**

Partner Service Advisor for Clark Associates, Inc., Lancaster, PA. Principal of Kent Resource Group, LLC. Retired Region President Morrison Senior Living & SVP of Morrison Management Specialists. Former co-founder of Culinary Service Network, Inc. Certified Senior Professional in Human Resources. Certified Food Management Professional. Certified Dietary Manager & Food Protection Professional.

## **Francis Lane**

Client Advisor and Director Deutsche Bank. Birthright Quaker.

## **Georgeann McKenna**

Senior Vice President Sales and Administration, First Federal Bank of Bucks County. Board member of Continental Bank Foundation. Chair of the Central Montgomery Technical High School Perkins Participatory Planning Committee.

## **Pegene W. McPhaden**

International Team Manager for Internal Revenue Service. Certified Public Accountant. Member of Care and Counsel, the Plan of Organization and Office Manager Oversight Committees. Member of Gwynedd Friends Meeting.

## **Ann Trueblood Raper**

Retired Gerontologist. Former board member and clerk, New Garden Friends School, former trustee and board vice chair, Guilford College, board member, Greensboro Housing Coalition, and trustee and board assistant clerk, Friends Publishing Corporation (Friends Journal). Co-founder of environmentally concerned residential community, "Gwynedd," in Summerfield, North Carolina. Member of New Garden Friends Meeting in Greensboro, NC

## **Jonathan H. Sprogell**

Vice President BYN Mellon. Member Haverford College Corporation. Board Member Opera Company of Philadelphia. Board Member Cameron Memorial Fund. Member of Gwynedd Friends Meeting.

## **Neville E. Strumpf, Ph.D., R.N.**

Professor Emeritus University of Pennsylvania School of Nursing. Fellow, American Academy of Nursing. Member of Gerontological Society of America.

## **Kenneth B. Taylor, Ph.D.**

Professor of Economics, Villanova University, Associate Director, Moran Center for Global Leadership, Villanova School of Business, Fulbright Scholar Emeritus, President Gwynedd Fiduciary Corporation and Board Member of the American Economic Association. Member of Gwynedd Friends Meeting.

## **Neil F. Trueblood**

Realtor, Berkshire Hathaway, Blue Bell, PA. Owner Trueblood Concierge Property Services. Member of Gwynedd Friends Meeting.

## **Richard B. Willis, Jr.**

Retired President, Johnson Kendall and Johnson, Langhorne, PA. Member National Council of Healthcare Agents. Member of Gwynedd Friends Meeting.

## **EMERITUS**

### **Rolland H. Henderson**

Resident of Foulkeways. Trustee Pendle Hill. Board Member Motson Graphics Corp. Member of Gwynedd Friends Meeting. President of Foulkeways at Gwynedd, 1997- 2008

### **Samuel T. Swansen**

Resident of Foulkeways. Attorney in private practice. Past Chairman of Friends Life Care at Home System Inc. President of the Global Bach Community, Inc. Member of Gwynedd Friends Meeting. President of Foulkeways at Gwynedd, 1986 - 1997.

## **OFFICERS OF THE CORPORATION 2015 - 2016**

President	Phillip L. Henderson
Vice President	Neil F. Trueblood
Treasurer	Jonathan H. Sprogell
Secretary	Michael Peasley
Assistant Treasurer	Rolland H. Henderson





*"I am a part of all that I have met."*

Lord Tennyson







# Foulkeways

AT GWYNEDD

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[www.foulkeways.org](http://www.foulkeways.org)  
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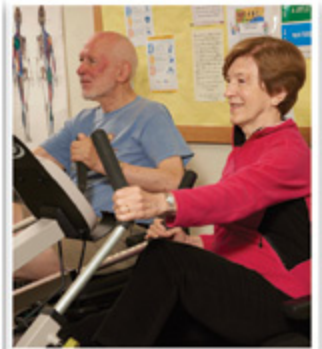
*"For a community  
 to be whole and healthy,  
 it must be based on  
 people's love and concern  
 for each other."*

Millard Fuller



*"How does one  
 keep from  
 'growing old'  
 inside?  
 Surely only  
 in community."*

Robert McAfee Brown



Foulkeways is affiliated with the following organizations: LeadingAge™, LeadingAge™ Quality First, Friends Services for the Aging (FSA) and LeadingAge™PA, (formerly PANPHA)

