FOULKEWAYS COMMUNITY

Many Lives. One Community

CONNECTION • INTEGRITY • SIMPLICITY • STEWARDSHIP

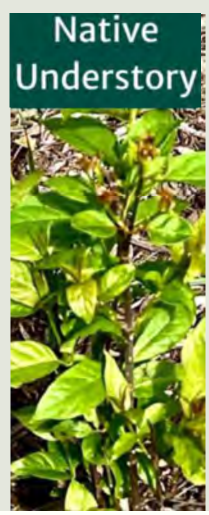
2025 Annual Report

COMMUNITY IN ACTION - GIVING

"In 1967, the Foulkeways founders certainly had us, the current residents, staff and leadership in mind when they courageously opened a truly unique residential community for seniors who wished to live out their lives serving others in a caring and supporting environment… As beneficiaries of that vision, [we] must take up the challenge to ensure the best possible future for those who will follow us and will desire to live the same enduring Spirit of Foulkeways."

- Frances J. Rhodes

The above quote is from a Vespers presentation entitled "The Spirit of Foulkeways Then, Now and Going Forward" given by Frances J. Rhodes in 2019. Fran lived the Spirit of Foulkeways, generously caring for others, and her legacy lives on with her bequest to the Foulkeways Monthly Support Fund. Her gift is among many kindhearted gifts we received this year via other bequests, IRA qualified charitable distributions, gifts of stock and grants from donor advised funds. This outpouring of generosity supported many things within the Foulkeways community, including the examples below.



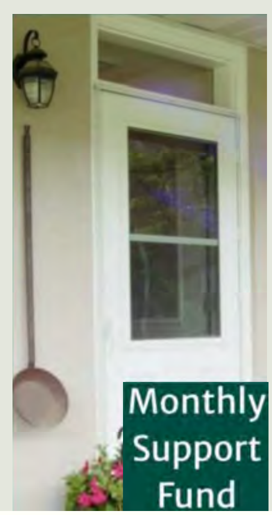


TABLE OF CONTENTS

Community in Action - Giving

2 2025 Board Chair Letter

3 Letter from the Chief Executive Officer

4 2025-2026 Board of Directors

5-6 Report from the Independent Auditors

7-8 Balance Sheets

9-10 Statements of Operations and Changes in Net Assets

11-12 Statements of Cash Flows

13-32 Notes to Financial Statements

33 Letter from the Foulkeways Residents Association

Like the quilt on this year's cover,
Foulkeways is woven together by many lives,
each adding its own unique color, strength, and story.
Together, we form One Community.
A place where connection, compassion,
and Quaker Values continue to enrich every day.

2025 BOARD CHAIR LETTER

My involvement with Foulkeways and the Foulkeways community is, in sum, a pleasure. As is true with any community, there are challenges and concerns about operations and supporting an active, positive community culture. Fortunately, we enjoy an outstanding leadership team running the various management divisions that make Foulkeways collaboratively well run. As Board Chair I engage with all committees of the board including Finance, Property, Health Services, Nominating, Admissions, Pension Personnel, and Fund Development. The inspiration offered and problem solving shared, by both staff and board members at the committee level, is impressive.

Finance, clerked by Scott Henderson, meets regularly, supported by our capable new CFO Justin Stolte. The committee closely tracks the metrics of operations, monitoring trends and reviewing projections for planning purposes. The headwinds of inflation and staff labor costs continue to be challenges and made for a reduced surplus in 2025. This is particularly true in nursing, where the labor market is especially tight. New initiatives by management to offer pay differentials recognizing evening and night shift duty over day shifts are intended to improve reliability for scheduling and cost. Foulkeways remains in strong financial condition overall.

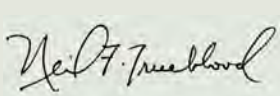
Health Services, with Patty Gerrity as clerk, carefully monitors our medical staff and operations. Heather Heiland oversees a staff and leadership team with constant vigilance for quality care and compliance. Among other achievements, Heather recruited new primary care physicians to replace those lost to business decisions made by Jefferson Health System. We are also now looking forward to the benefits of an electronic healthcare digital record system to be implemented this year after a year of research and vendor selection.

Property, clerked by Jamie Unkefer, is energized to embark on the significant improvements to the Fitness Center after years of planning. A new approach to focus on property planning and development of Foulkeways now includes a property development consultant with long experience supporting continuing care retirement communities.

Fund Development, Nominating, Admissions, and Pension Personnel, run by Clerks, Lynn Bush, Lynn (again), Bonnie Miller, and Mary Buckman, respectively, also provide oversight of vital board activities. In each discipline, the work includes keen judgment and management, and inspiration for best management practices in an industry supercharged with a growing baby boomer generation of residents and applicants.

Our CEO Phil DeBaun continues to oversee the entire operation with great care and thoughtful management. In my role, I hold regular meetings with Phil, and I am made aware of challenges as they arise. I am confident we benefit from a highly competent manager and, moreover, a person focused on the human qualities of the Foulkeways community. One principle we all share is that our business income serves to provide quality services to the residents first and foremost. His careful management serves the existing community well and builds strength for stability and future physical improvements needed to keep Foulkeways current.

Finally, I must acknowledge two who have made significant contributions to Foulkeways; Phil Henderson, Emeritus director and former longtime chair, retires from the board having imparted years of financial and management expertise. And Lynn Bush, who is cycling off the board officially, but who will remain, with gratitude, as a guest member on some board committees, has enriched the board work with smart strategic planning and sought-after advice on all matters. We exuberantly thank Phil and Lynn.



Neil F. Trueblood, Chair

LETTER FROM THE CHIEF EXECUTIVE OFFICER

2025 was another successful year for the Foulkeways community. Strong occupancy, continued interest from prospective residents, and growth in our Priority List all contributed to a solid financial year and reinforced the stability of our community. We generated positive cash flow from monthly operations and entry fees, strengthened our reserves through favorable market performance, and reduced liabilities through debt payments and improved funding of our legacy pension plan. These results leave us better positioned to care for residents and respond to future challenges, even in an uncertain economic environment.

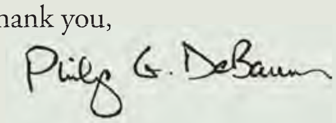
The year also marked an important transition in leadership. We celebrated the retirements of Cynthia Prediger and Edna Cristinzio, each of whom devoted more than four decades of service to Foulkeways. Their leadership, dedication, and deep knowledge of our community have left a lasting impact, and we remain grateful for their many contributions. At the same time, we welcomed new leaders who will help guide us forward, including George Ballentine in Environmental Services and Justin Stolte as Chief Financial Officer.

Sustainability remained a central part of our work in 2025. We installed new solar panels on Gwynedd House and several Sprogell residences, continued our campus reforestation efforts, expanded native plantings with more than 1,000 shrubs and understory trees, and developed a custom native seed mix to restore newly cleared areas. Residents also played an important role by connecting with peers at other retirement communities to share ideas and best practices around environmental stewardship. These efforts were recognized by the broader community when Foulkeways received the Charles Tornetta “Excellence in Planning” designation from Montgomery County.

We also made progress on several projects that will benefit our community for years to come. Preparatory work continued for the expansion of our fitness center, we acquired an important three-acre parcel adjacent to Big Oak Walk for future planning and green space, and Health Services completed the selection of a new electronic health record system to be implemented in 2026. Our commitment to diversity, equity, and inclusion also remained strong, with new resident involvement and additional staff programming throughout the year.

Together, these accomplishments reflect the strength, resilience, and shared purpose of the Foulkeways community. We are grateful for all who contribute to making this such a special place to live and work.

Thank you,



Philip G. DeBaun
Chief Executive Officer

2025-2026 BOARD OF DIRECTORS

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

Lynn Bush
Vice Chair, Foulkeways Board of Directors. Professional land use and community planner. Retired Executive Director of Bucks County Planning Commission and Chief Clerk to Bucks County Commissioners. Volunteer director and strategic planner for several non-profit community organizations. Consulting planner for municipal governments in Bucks and Montgomery counties. Resident of Foulkeways.

Amelia Diamond
Retired, SBA Commercial Lender and Branch Manager – PSFS Bank. Teacher, French Language and Literature – Temple University and Abington School District. Active in Quaker Community, Abington Monthly and Quarterly Meetings. Clerk of Abington Quarter, Trustee, Assistant Treasurer, Home & Care and Worship & Ministry committees, numerous Spiritually Formative Programs.

Keith Eby
Portfolio Manager with Haverford Trust. Has more than 25 years' experience as an investment professional. Has extensive volunteer commitments in the wider community, serving on boards of directors including the Wissahickon Valley Watershed. Graduate of Temple University.

William Evans
President, Bi-County Fuels, Inc. Managing Partner, By Evans, LLC. Chairman, Chalfont New Britain Joint Sewage Authority. Board Member, Board of Directors, Friends Village, Newtown, PA. Co-Clerk, Property Committee, Gwynedd Friends Meeting. Member, Gwynedd Friends Meeting.

Patricia Gerrity
Resident of Foulkeways. Retired Associate Dean for Community Programs, Drexel University, College of Nursing & Health Professions. Member of Germantown Monthly Meeting.

Scott Henderson
Treasurer, Foulkeways Board of Directors. Retired senior executive with both non-profit and publicly traded organizations and longtime technologist. Member of Bethesda Friends Meeting and a product of Friends high school and college educations.

Alfred Kuffler
Currently Senior Counsel Montgomery McCracken Walker & Rhoads LLP, Philadelphia. 1997-2000 Board of Directors of the Maritime Law Association of the United States. Formerly counsel to the American Salvage Association. Co-founder and currently a director of the OPA 90 Forum, a group advocating improved preparedness, administration, and response under the Oil Pollution Act of 1990. Past member of the Abington Friends Schools Committee, serving on the finance and long range planning committees.

Bonnie Miller
Retired registered nurse with a Master's degree in Public Health. Oncology nurse for approximately 20 years, then 10 years as an outpatient day clinic nurse navigator for people with chronic severe mental illness. Currently delivers Meals on Wheels. Volunteers with a Code Blue center. Member of Plymouth Monthly Meeting. Clerk of Care and Concern Committee. Clerk of Abington Quarterly Meeting Home and Care Committee.

Neil F. Trueblood
Chair, Foulkeways Board of Directors. Realtor, Agent; Compass Real Estate, Lower Gwynedd, PA. Owner, Trueblood Concierge Property Services. Emeritus, Wissahickon Valley Watershed Association (Wissahickon Trails) Board of Directors. Chair, Conservation Committee of the Wissahickon Trails Board. Member and Trustee of Gwynedd Friends Meeting.

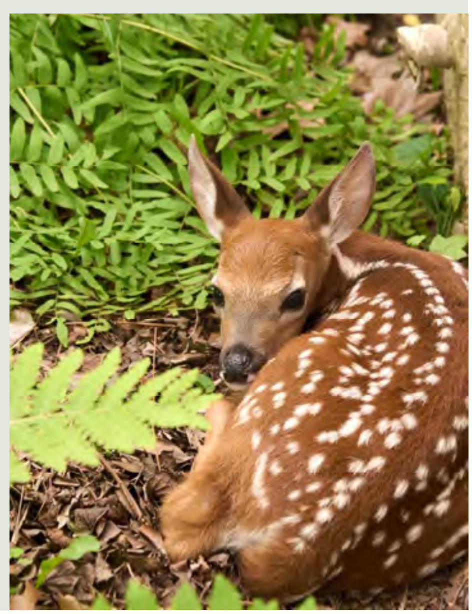
Jamie Unkefer
Architect. Principal at DIGSAU Architecture in Philadelphia. Registered Architect in Pennsylvania and New Jersey, and member of the American Institute of Architects. Board Member of Smith Memorial Playground and Playhouse, committee member of the Philadelphia AIA License & Inspections Committee and Arch Street Meeting House Property Committee, and member of the Carpenter's Company of Philadelphia.

EMERITUS:

Phillip L. Henderson
Member Scattergood Friends School – School Committee, Chair of Strategic Planning Committee. Member of Doylestown Monthly Meeting. President/Chair, Foulkeways Board of Directors, 2014 – 2021.

2025-2026 OFFICERS OF THE CORPORATION

Chair	Neil F. Trueblood
Vice Chair	Lynn Bush
Treasurer	Scott Henderson
Assistant Treasurer	Phillip L. Henderson
Secretary	Philip G. DeBaun



INDEPENDENT AUDITORS' REPORT

Board of Directors
Foulkeways at Gwynedd
Gwynedd, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Foulkeways at Gwynedd (a Pennsylvania nonprofit corporation), which comprise the balance sheets as of December 31, 2025 and 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Foulkeways at Gwynedd as of December 31, 2025 and 2024, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' *Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Foulkeways at Gwynedd and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foulkeways at Gwynedd's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foulkeways at Gwynedd's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foulkeways at Gwynedd's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 1, 2026

FOULKEWAYS AT GWYNEDD
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 9,303,124	$ 10,948,359
Assets Limited as to Use, Externally Designated	1,849,850	880,599
Investments	22,214,198	20,378,182
Accounts Receivable:		
Residents	828,226	373,478
Notes Receivable from Residents	1,122,910	197,900
Other	340,470	236,552
Prepaid Expenses and Other	830,181	992,890
Total Current Assets	36,488,959	34,007,960
ASSETS LIMITED AS TO USE		
Externally Designated under Bond Indenture Agreement	1,004,304	1,916,482
Externally Designated by Donors	9,816,967	8,379,480
Statutory Liquid Reserve	3,415,955	3,342,649
Internally Designated by Board	3,063,499	2,590,523
Total Assets Limited as to Use	17,300,725	16,229,134
PROPERTY AND EQUIPMENT, NET	88,675,782	87,639,581
OTHER ASSETS	232,481	415,561
Total Assets	$ 142,697,947	$ 138,292,236

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2025 AND 2024

LIABILITIES AND NET ASSETS	2025	2024
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 2,052,659	$ 1,511,392
Accrued Salaries, Payroll Taxes, and Benefits	1,749,603	1,730,176
Accrued Interest Payable	143,218	170,599
Monthly Billings Paid in Advance	195,103	212,578
Refundable Deposits from Prospective Residents	918,601	810,000
Current Portion of Long-Term Debt	1,321,621	1,250,176
Total Current Liabilities	6,380,805	5,684,921
LONG-TERM LIABILITIES		
Deferred Revenue from Resident Entry Fees	53,433,042	52,372,284
Long-Term Debt, Net of Current Portion	41,870,617	43,279,829
Liability for Pension Benefits	3,566,475	4,684,661
Other Liabilities	95,725	175,751
Total Long-Term Liabilities	98,965,859	100,512,525
Total Liabilities	105,346,664	106,197,446
NET ASSETS		
Without Donor Restrictions	27,534,316	23,715,310
With Donor Restrictions	9,816,967	8,379,480
Total Net Assets	37,351,283	32,094,790
Total Liabilities and Net Assets	$ 142,697,947	$ 138,292,236

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
UNRESTRICTED REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTION		
Revenue, Gains, and Other Support:		
Resident Care Fees	$ 25,919,071	$ 25,150,746
Amortization of Deferred Resident Entry Fees	7,717,242	7,496,319
Health Center Revenue	4,711,113	4,682,521
Unrestricted Contributions, Gifts, and Bequests	55,675	146,353
Net Investment Income	1,335,183	1,256,216
Other Revenue	771,753	851,121
Net Assets Released from Restrictions	714,120	528,718
Total Unrestricted Revenues and Other Support Without Donor Restriction	41,224,157	40,111,994
OPERATING EXPENSES		
Health Services	10,297,743	9,292,181
Dining Services	6,149,759	5,830,663
General and Administrative	7,758,823	7,693,373
Maintenance	2,953,503	3,042,507
Housekeeping	2,192,732	2,170,996
Utilities	1,210,295	1,044,665
Real Estate Taxes	880,575	838,670
Depreciation	7,720,278	7,504,517
Interest Expense	1,903,826	2,087,005
Total Operating Expenses	41,067,534	39,504,577
OPERATING INCOME BEFORE LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	156,623	607,417
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	(13,665)	(165,889)
OPERATING INCOME	142,958	441,528
NONOPERATING INCOME (LOSS)		
Net Periodic Cost Credit Other than the Service Cost Component	(135,080)	(166,331)
Realized Gain on Trading Securities	316,739	265,633
Change in Unrealized Gain on Trading Securities	2,432,883	1,486,464
EXCESS OF REVENUES AND OTHER SUPPORT OVER EXPENSES AND INCOME	2,757,500	2,027,294

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
EXCESS OF REVENUES AND OTHER SUPPORT OVER EXPENSES AND INCOME	$ 2,757,500	$ 2,027,294
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Assets Released from Restrictions - Purchase of Equipment	158,240	4,507
Change in Pension Plan Assets and Benefit Obligations Other than Periodic Benefit Cost	903,266	1,461,621
Change in Net Assets Without Donor Restrictions	3,819,006	3,493,422
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	896,840	969,718
Net Assets Released from Restrictions	(872,360)	(533,227)
Investment Income	287,894	274,314
Net Realized Gain on Investments	96,906	120,450
Net Unrealized Gain on Investments	1,028,207	438,265
Change in Net Assets With Donor Restrictions	1,437,487	1,269,520
CHANGE IN NET ASSETS	5,256,493	4,762,942
Net Assets - Beginning of Year	32,094,790	27,331,848
NET ASSETS - END OF YEAR	$ 37,351,283	$ 32,094,790

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,256,493	$ 4,762,942
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,720,278	7,504,517
Loss on Disposal of Property and Equipment	13,665	165,889
Amortization of Deferred Financing Costs	41,356	41,356
Amortization of Bond Premium	(128,947)	(128,947)
Net Realized and Unrealized Gain on Investments and Assets Limited as to Use	(3,874,735)	(2,310,812)
Restricted Contributions and Investment Income	(1,184,734)	(1,244,032)
Amortization of Deferred Resident Entry Fees	(7,717,242)	(7,496,319)
Proceeds from Deferred Resident Entry Fees, Net of Refunds	7,249,393	8,451,219
Net Refundable Deposits Received	108,601	16,801
Change in Liability for Pension Benefits	(1,118,186)	(1,795,290)
(Increase) Decrease in Assets:		
Accounts Receivable	44,931	266,335
Prepaid Expenses and Other	162,709	(195,342)
Other Assets	183,080	(8,094)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(144,003)	(5,182)
Advance Billings	(17,475)	51,817
Other Liabilities	(80,026)	(48,867)
Net Cash Provided by Operating Activities	6,515,158	8,027,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(30,863,581)	(53,593,352)
Sales of Investments	31,032,242	54,935,177
Capital Expenditures	(8,092,828)	(6,180,813)
Net Cash Used by Investing Activities	(7,924,167)	(4,838,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Restricted Contributions and Investment Income	1,184,734	1,244,032
Repayment of Long-Term Debt	(1,250,176)	(1,195,077)
Net Cash Provided (Used) by Financing Activities	(65,442)	48,955
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS	(1,474,451)	3,237,958
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year	13,745,440	10,507,482
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS - END OF YEAR	$ 12,270,989	$ 13,745,440

See accompanying Notes to Financial Statements.

FOULKEWAYS AT GWYNEDD
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	$ 2,018,798	$ 2,190,026
Construction Expenditures Within Accounts Payable and Accrued Expenses	$ 677,316	$ 186,971

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Foulkeways at Gwynedd (Foulkeways) was founded in 1967 as a nonprofit life care retirement community and is located in Gwynedd, Pennsylvania. Foulkeways houses approximately 451 residents living in 259 apartments, 46 active nursing beds, and a personal care unit with 89 beds (82 suites and 7 single rooms).

Use of Estimates

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

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 internally limited as to use. Foulkeways deposits cash in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurable limits.

Reconciliation of Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows.

	2025	2024
Cash and Cash Equivalents	$ 9,303,124	$ 10,948,359
Restricted Cash and Restricted Cash Equivalents	2,967,865	2,797,081
Total Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents Shown in the Statements of Cash Flows	$ 12,270,989	$ 13,745,440

Amounts included in restricted cash represent those required to be set aside in accordance with a Loan and Trust Agreement for the Series 2016 Bonds (See Note 4).

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. In addition, partially refundable entry fees for residents who have moved to smaller apartments are transferred to this account until the refund is payable. The account also contains accumulated interest. As of December 31, 2025 and 2024, the account balance was $263,890 and $254,464, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable from Residents

Foulkeways offers incoming residents the ability to defer their entry fees for three 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 (including realized gains on investments, interest, and dividends), net of all investment fees, is recorded as unrestricted revenue, except for investment income associated with contributions for resident assistance, capital additions, and other purposes specified by donors, which is recorded as investment income in the change in net assets with donor restrictions.

Foulkeways designated its investments as “trading” and these changes in unrealized gains are reported within excess of revenues and other support over expenses and income.

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 $2,500 or over and having an anticipated useful life of over one year.

	2025	2024
Land	$ 10,158,694	$ 9,578,694
Land Improvements	4,601,806	4,247,541
Buildings and Improvements	143,749,358	138,017,720
Furniture and Equipment	20,242,453	18,946,581
Vehicles	908,552	830,880
Construction in Progress	3,678,456	3,244,571
Total	183,339,319	174,865,987
Less: Accumulated Depreciation	(94,663,537)	(87,226,406)
Total Property and Equipment, Net	$ 88,675,782	$ 87,639,581

For the years ended December 31, 2025 and 2024, Foulkeways had a loss on disposal of property and equipment in the amount of $13,665 and $165,889, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Foulkeways carries general and professional liability insurance with Peace Church Risk Retention Group, Inc. (PCRRG). Foulkeways is a subscriber and is a 2.23% and 2.22% owner of this group captive as of December 31, 2025 and 2024, respectively. The group captive is domiciled in Vermont and licensed by the Vermont Insurance Department. The investment in PCRRG totaling $127,262 and $148,408 is recorded at cost as "other assets" in the accompanying balance sheets for the years ended December 31, 2025 and 2024, respectively. In addition, as of December 31, 2025 and 2024, other assets include a receivable of $105,219 and $267,153, respectively, relative to the subscriber surplus account of the insurance risk retention group.

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. Amortization expense was $41,356 for the years ended December 31, 2025 and 2024. The amortization is recorded as a component of interest expense.

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 $655,201 and $557,000 as of December 31, 2025 and 2024, respectively. Entry fees deposits amounted to $263,400 and $253,000 as of December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2025 and 2024, the governing board has designated certain net assets without donor restrictions for specific purposes (see Note 3).

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At both December 31, 2025 and 2024, donor-imposed restrictions perpetual in nature were $942,225. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Gifts are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified as net assets without donor restriction and reported in the statements of operations and changes in net assets as net assets released from restrictions.

Net assets with donor restrictions are restricted for the following purposes:

	2025	2024
Resident Assistance Funds	$ 5,955,629	$ 5,010,714
Capital Additions Funds	1,700,563	1,470,861
Other Funds	2,160,775	1,897,905
Total Net Assets With Donor Restrictions	$ 9,816,967	$ 8,379,480

During 2025 and 2024, net assets with donor restrictions were released from donor restrictions for purchases of equipment and grounds, resident monthly fee assistance, and entry fee assistance.

Excess of Revenues and Other Support over Expenses and Income

The statements of operations and changes in net assets include the caption “excess of revenues and other support over expenses and income.” Changes in net assets without donor restrictions, which are excluded from the excess of revenues and other support over expenses and income, include changes in pension plan assets and benefit obligations other than periodic benefit cost, and net assets released from restrictions for the purchase of property and equipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Foulkeways is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. 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 Foulkeways' 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 accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2025 and 2024 was $340,313 and $271,019, respectively.

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which Foulkeways expects to be entitled in exchange for providing resident service and care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Foulkeways bills the residents monthly for services and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Foulkeways. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. Foulkeways believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the facility. Foulkeways measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or termination of the resident contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, guest meals) and Foulkeways does not believe it is required to provide additional goods or services related to that sale.

Foulkeways determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with Foulkeways' policy and/or implicit price concessions provided to residents. Foulkeways determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. Foulkeways determines its estimate of implicit price concessions based on its historical collection experience.

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. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

The resident entry fees are subject to the refund provisions of the Agreement. At December 31, 2025 and 2024, the portion of the deferred resident entry fees subject to such refund provisions amounted to $16,124,699 and $15,281,040, respectively. The refund periods expire ratably over 50 months from the respective dates of entrance. Refunds are payable upon reoccupancy 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 (updated periodically 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.

The opening and closing balances in deferred revenue from resident entry fees were as follows:

	Deferred Revenue from Resident Entry Fees
Balance as of January 1, 2024	$ 51,411,084
Balance as of December 31, 2024	52,372,284
Balance as of December 31, 2025	53,433,042

The composition of resident service revenue by primary payor for the years ended December 31 is as follows:

	2025	2024
Medicare	$ 1,438,653	$ 1,166,888
Private Pay	36,908,773	36,162,698
Total Resident Services Revenue	$ 38,347,426	$ 37,329,586

Revenue from residents' deductibles and coinsurance are included in the categories presented above based on the primary payor.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

The composition of resident service revenue based on its service lines, method of reimbursement, and timing of revenue recognition for the years ended December 31, are as follows:

	2025	2024
Service Lines:		
Independent Living	$ 28,821,143	$ 27,943,352
Personal Care	5,106,461	4,918,663
Skilled Nursing Facility	2,746,806	3,001,523
Other Medical	1,545,710	1,345,863
Home Care	78,590	76,430
Retail Sales	48,716	43,755
Total	$ 38,347,426	$ 37,329,586
Method of Reimbursement:		
Fee for Services	$ 38,298,710	$ 37,285,831
Other	48,716	43,755
Total	$ 38,347,426	$ 37,329,586
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	$ 38,298,710	$ 37,285,831
Sales at Point in Time	48,716	43,755
Total	$ 38,347,426	$ 37,329,586

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is reported net of an allowance for credit losses to represent Foulkeways' estimate of expected losses at the balance sheet date. The adequacy of Foulkeways' allowance for credit losses is reviewed on an ongoing basis, using historical payment trends and a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts more than 90 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2025 and 2024, the allowance for estimate of expected credit losses was $-0-.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

The opening and closing balances in accounts receivable from residents was as follows:

	Accounts Receivable from Residents
Balance as of January 1, 2024	$ 701,169
Balance as of December 31, 2024	571,378
Balance as of December 31, 2025	1,951,136

Financing Component

Foulkeways has elected the practical expedient allowed under financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Foulkeways' expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Foulkeways does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

Foulkeways has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that Foulkeways otherwise would have recognized is one year or less in duration.

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the overall net assets of the Organization.

Subsequent Events

In preparing these financial statements, Foulkeways has evaluated events and transactions for potential recognition or disclosure through April 1, 2026, the date the financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these financial statements.

NOTE 2 LIQUIDITY

Foulkeways regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing financial resources to meet expenses over a 12-month period, Foulkeways considers all expenses related to its ongoing mission-related activities as well as the conduct of services undertaken to support these activities.

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

	2025	2024
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 9,303,124	$ 10,948,359
Assets Limited as to Use, Externally Designated	1,849,850	880,599
Investments	22,214,198	20,378,182
Accounts Receivable:		
Residents, Net	828,226	373,478
Notes Receivable from Residents	1,122,910	197,900
Other	340,470	236,552
Assets Limited as to Use:		
Externally Designated under Bond Indenture Agreement	1,004,304	1,916,482
Externally Designated by Donors	9,816,967	8,379,480
Statutory Liquid Reserve	3,415,955	3,342,649
Internally Designated by Board	3,063,499	2,590,523
Total Financial Assets	52,959,503	49,244,204
Less Amounts Not Available to be Used Within One Year:		
Externally Designated under Bond Indenture Agreement with Liquidity Horizons Greater Than One Year	1,004,304	1,916,482
Externally Designated by Donors with Liquidity Horizons Greater Than One Year	9,816,967	8,379,480
Internally Designated by Board	3,063,499	2,590,523
Financial Assets Not Available to be Used Within One Year	13,884,770	12,886,485
Financial Assets Available to Meet General Expenditures Within One Year	$ 39,074,733	$ 36,357,719

Foulkeways has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. Foulkeways has other assets limited to use for donor-restricted purposes and debt service.

NOTE 3 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:

	2025	2024
Externally Designated by Long-Term Debt Agreements		
Series 2023 Bond Indenture:		
Debt Service Reserve Fund	$ 2,080,052	$ 2,578,008
Debt Service Fund	774,102	219,073
Total	2,854,154	2,797,081
Less: Current Portion	(1,849,850)	(880,599)
Total	$ 1,004,304	$ 1,916,482
Externally Designated by Donors:		
Resident Assistance	$ 5,955,629	$ 5,010,714
Capital Additions	1,700,563	1,470,861
Other	2,160,775	1,897,905
Total	$ 9,816,967	$ 8,379,480
Internally Designated by the Board:		
Used at the Discretion of the Board	$ 3,063,499	$ 2,590,523

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* (the Act), Foulkeways must maintain a statutory minimum liquid reserve as of December 31, 2025, that is equal to the greater of 10% of the 2026 total projected operating expenses, exclusive of depreciation, or the 2025 debt service requirements. The calculation of the statutory minimum liquid reserve requirement as of December 31 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, 2025.

	2025	2024
Projected Annual Interest Expense	$ 1,896,153	$ 2,092,473
Principal Payments Due on Long-Term Debt	1,321,621	1,250,176
Liquid Reserve Requirement	3,217,774	3,342,649
Projected Annual Operating Expenses	34,159,549	32,826,778
Minimum Rate	10%	10%
Liquid Reserve Requirement	3,415,955	3,282,678
Statutory Liquid Reserve Requirement	$ 3,415,955	$ 3,342,649

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

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

	2025	2024
Investments and Assets Limited as to Use:		
Cash and Equivalents	$ 2,967,865	$ 2,797,081
U.S. Government and Agency Securities	5,444,113	4,278,022
Mutual Funds	12,486,919	12,193,456
Corporate Bonds	11,536,390	11,051,367
Internationals	8,929,486	7,167,989
Total	$ 41,364,773	$ 37,487,915

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

	2025	2024
Investment Income without Donor Restrictions:		
Dividends and Interest Income	$ 1,388,838	$ 1,319,085
Realized Gain on Sales of Securities	316,739	265,633
Investment Fees	(53,655)	(62,869)
Subtotal	1,651,922	1,521,849
Change in Unrealized Gain on Securities	2,432,883	1,486,464
Total	$ 4,084,805	$ 3,008,313
Investment Income with Donor Restrictions:		
Dividends and Interest Income	$ 287,894	$ 274,314
Realized Gain on Sales of Securities	96,906	120,450
Subtotal	384,800	394,764
Change in Unrealized Gain on Securities	1,028,207	438,265
Total	$ 1,413,007	$ 833,029

Investment fees represent direct expenses involved in generating investment income.

NOTE 4 LONG-TERM DEBT

Long-term debt consists of:

Description	2025	2024
Montgomery County Industrial Development Authority Revenue Bonds, Series 2016, Fixed Rate Revenue Bonds, due December 1, 2046 with interest ranging from 3.00% to 5.00%, net of premium of $2,645,565 and $2,774,512 and unamortized financing costs of $381,266 and $399,849 at December 31, 2025 and 2024, respectively	$ 25,489,299	$ 26,309,663
Montgomery County Industrial Development Authority Series 2023A, Variable Rate Revenue Bonds, net of unamortized financing costs of $140,012 and $152,741 at December 31, 2025 and 2024, respectively	9,964,988	10,172,259
Montgomery County Industrial Development Authority Series 2023B, Variable Rate Revenue Bonds, net of unamortized financing costs of $140,624 and $150,668 at December 31, 2025 and 2024, respectively	7,737,951	8,048,083
Total Long-Term Debt	43,192,238	44,530,005
Less: Current Portion	(1,321,621)	(1,250,176)
Long-Term Debt, Net of Current Portion	$ 41,870,617	$ 43,279,829

On June 1, 2016, Foulkeways entered into a Loan and Trust Agreement with the Montgomery County Industrial Development Authority (the Authority), and U.S. Bank National Association (as Trustee), pursuant to which Foulkeways received fixed rate revenue bond proceeds in the amount of $28,835,000 and a premium in the amount of $3,868,414 (the Series 2016 Bonds). The proceeds of the 2016 Bonds were used to refund the outstanding Series 2006A Bonds, advance funds to finance certain improvements to the facility, fund capitalized interest and a debt service reserve fund and to pay certain issuance costs of the 2016 Bonds. The average interest rate on the 2016 Bonds ranges from 3.00% to 5.00%. The Series 2016 Bonds require sinking fund principal payments for bonds stated to mature on December 1, 2030, 2039, and 2046 ranging from $195,000 to $2,660,000.

On March 30, 2023, Foulkeways entered into a Loan and Trust Agreement with the Authority and WSFS Bank (as Trustee), pursuant to which Foulkeways received variable rate revenue bond proceeds in the amount of $10,760,000 (the Series 2023A Bonds). The proceeds of the 2023A Bonds were to finance a project, consisting of refunding the 2006B Bonds. The Series 2023A Bonds bear interest at a variable rate of the one-month term Secured Overnight Financing Rate (SOFR) plus the SOFR rate margin multiplied by 0.81 plus 130 basis points. The average interest rate for the years ended December 31, 2025 and 2024, was 4.49% and 5.23%, respectively.

NOTE 4 LONG-TERM DEBT (CONTINUED)

On March 30, 2023, Foulkeways entered into a Loan and Trust Agreement with the Authority and WSFS Bank (as Trustee), pursuant to which Foulkeways received variable rate revenue bond proceeds in the amount of $8,712,401 (the Series 2023B Bonds). The proceeds of the 2023B Bonds were to finance a project, consisting of refunding the Series 2009 Bonds. The Series 2023B Bonds bear interest at a variable rate of the one-month term SOFR rate plus the SOFR rate margin multiplied by 0.81 plus 130 basis points. The average interest rate for the years ended December 31, 2025 and 2024, was 4.49% and 5.23%, 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 day's 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, 2025.

At December 31, 2025, principal payments on long-term debt during the next five years and thereafter are as follows:

Year Ending December 31,	Series 2016 Bonds	Series 2023A Bonds	Series 2023B Bonds	Total
2026	$ 745,000	$ 235,000	$ 341,621	$ 1,321,621
2027	780,000	240,000	364,502	1,384,502
2028	815,000	250,000	388,915	1,453,915
2029	845,000	260,000	414,956	1,519,956
2030	880,000	265,000	442,742	1,587,742
Thereafter	19,160,000	8,855,000	5,925,839	33,940,839
Total	23,225,000	10,105,000	7,878,575	41,208,575
Less: Unamortized Financing Costs	(381,266)	(140,012)	(140,624)	(661,902)
Add: Bond Premium	2,645,565	-	-	2,645,565
Total Bonds Payable, Net	25,489,299	9,964,988	7,737,951	43,192,238
Less: Current Portion of Bonds Payable	745,000	235,000	341,621	1,321,621
Total Bonds Payable, Less Current Portion	$ 24,744,299	$ 9,729,988	$ 7,396,330	$ 41,870,617

Interest expense on long-term debt in 2025 and 2024 was $1,903,826 and $2,087,005, respectively. No interest was capitalized as a cost of construction in 2025 and 2024.

NOTE 5 FUNCTIONAL EXPENSES

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

	2025			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 14,683,581	$ 1,646,324	$ 56,785	$ 16,386,690
Employee Benefits	3,488,198	436,219	14,103	3,938,520
Contract Labor	1,315,402	-	-	1,315,402
Food Purchases	1,976,109	-	-	1,976,109
Medical Supplies and Other Resident Costs	2,218,604	5,579	-	2,224,183
General and Administrative	321,101	635,559	465	957,125
Building and Maintenance	3,426,292	-	-	3,426,292
Professional Fees and Insurance	492,841	602,210	-	1,095,051
Depreciation	7,720,278	-	-	7,720,278
Interest	1,903,826	-	-	1,903,826
Management and Other Fees	124,058	-	-	124,058
Total Functional Expenses	$ 37,670,290	$ 3,325,891	$ 71,353	$ 41,067,534

	2024			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 13,735,706	$ 1,737,406	$ 55,314	$ 15,528,426
Employee Benefits	3,451,950	595,652	14,375	4,061,977
Contract Labor	1,132,915	-	-	1,132,915
Food Purchases	1,916,863	-	-	1,916,863
Medical Supplies and Other Resident Costs	2,006,213	33,537	-	2,039,750
General and Administrative	314,165	473,223	1,195	788,583
Building and Maintenance	3,234,667	-	-	3,234,667
Professional Fees and Insurance	383,510	705,409	-	1,088,919
Depreciation	7,504,517	-	-	7,504,517
Interest	2,087,005	-	-	2,087,005
Management and Other Fees	120,955	-	-	120,955
Total Functional Expenses	$ 35,888,466	$ 3,545,227	$ 70,884	$ 39,504,577

All costs are directly attributable to their respective functions based on a method similar to that used for the Internal Revenue Service Form 990, *Return of Organization Exempt from Income Tax*. Management services are expenses attributable to the general management of the organization. Fundraising expenses are attributable to expenses occurred by the Development Office.

NOTE 6 PENSION AND SAVINGS PLANS

Foulkeways previously sponsored a defined benefit pension plan exempt from the Employee Retirement Income Security Act of 1974 rules due to church plan status. The plan covered substantially all of its employees. Employers were required to recognize the overfunded or underfunded 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 net assets without restrictions. Effective December 31, 2021, the plan was amended to freeze all future benefit accruals as of that date with the exception that current participants who would attain their normal retirement date on or before December 31, 2023, and completed at least five years of service for vesting purposes as of December 31, 2021, would be allowed to continue to earn additional accruals under the plan until December 31, 2023. As of December 31, 2023, the plan was fully frozen to all participants.

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

	2025	2024
Change in Benefit Obligation:		
Projected Benefit Obligation - Beginning of Year	$ 18,878,000	$ 20,128,000
Interest Cost	1,020,119	980,673
Actuarial (Gain) Loss	430,147	(1,098,584)
Benefits Paid	(1,226,266)	(1,132,089)
Projected Benefit Obligation - End of Year	19,102,000	18,878,000
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	14,193,339	13,648,049
Actual Return on Plan Assets	2,218,452	1,177,379
Employer Contributions	350,000	500,000
Benefits Paid	(1,226,266)	(1,132,089)
Fair Value of Plan Assets - End of Year	15,535,525	14,193,339
Net Amounts Recognized in the Balance Sheets Consist of: Liability for Pension Benefits	$ 3,566,475	$ 4,684,661
Accumulated Benefit Obligation	$ 19,102,000	$ 18,878,000

NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

	2025	2024
Amounts Recognized in Net Assets Without Donor Restrictions Not Yet in Net Periodic Benefit Cost Consist of:		
Unrecognized Net (Gain) Loss	$ (75,376)	$ 890,201
Prior Service Cost	(12,457)	(74,768)
Total	$ (87,833)	$ 815,433
Components of Net Periodic Benefit Cost:		
Interest Cost	$ 1,020,119	$ 980,673
Expected Return on Plan Assets	(822,728)	(792,739)
Amortization of Prior Service Cost	(62,311)	(62,311)
Amortization of Net Actuarial Loss	-	40,708
Net Periodic Benefit Cost	$ 135,080	$ 166,331

	2025	2024
Weighted-Average Assumptions Used to Determine Benefit Obligation were:		
Discount Rate	5.39 %	5.58 %
Rate of Compensation Increase	N/A	N/A
Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost were:		
Discount Rate	5.58	5.01
Expected Long-Term Return on Plan Assets	6.00	6.00
Rate of Compensation Increase	N/A	N/A

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 6.0% long-term rate of return on assets assumption. The estimated net deferred actuarial loss and prior service cost that will be amortized into net periodic benefit for 2025 is approximately $-0- and ($62,311), respectively, totaling ($62,311).

Plan Assets

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

Asset Category	Target Allocation	2025	2024
Equity Securities	40-65%	60 %	61 %
Debt Securities and Other	25-50%	40	39
Total		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.

NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

Plan Assets (Continued)

Foulkeways uses fair value measurements to record fair value adjustments to investments and to determine fair value disclosure (see Note 1). Pension plan assets are classified as follows:

Pension Plan Assets

December 31, 2025	Level 1	Level 2	Level 3	Total
Cash	$ 168,698	$ -	$ -	$ 168,698
Fixed Income Securities	6,082,798	-	-	6,082,798
Equity Securities	9,284,029	-	-	9,284,029
Total	$ 15,535,525	$ -	$ -	$ 15,535,525
December 31, 2024				
Cash	$ 125,006	$ -	$ -	$ 125,006
Fixed Income Securities	5,461,172	-	-	5,461,172
Equity Securities	8,607,161	-	-	8,607,161
Total	$ 14,193,339	$ -	$ -	$ 14,193,339

Cash Flows

Contributions

Foulkeways is currently evaluating contributions to the pension plan for 2026. In 2025 and 2024, Foulkeways contributed $350,000 and $500,000, respectively to the plan.

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:

Year Ending December 31,	Amount
2026	$ 1,298,000
2027	1,319,000
2028	1,337,000
2029	1,356,000
2030	1,374,000
2031 - 2035	7,148,000

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 $313,409 and $315,720 for the years ended December 31, 2025 and 2024, respectively.

NOTE 6 PENSION AND SAVINGS PLANS (CONTINUED)

Savings Plan (Continued)

Foulkeways entered into an employer discretionary contributions plan effective January 1, 2022. This plan covers all employees who 1) were over 18 years of age; 2) worked over 1,000 hours; and 3) had at least one year of service. This plan replaced the defined benefit pension plan. The total discretionary contribution related to this plan was $529,760 and $525,099 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, the total credit available was $890,000 and $850,000, respectively, of which $151,330 and $-0- is remaining for use for the years ended December 31, 2025 and 2024, respectively.

Health Insurance Program

Effective April 1, 2021, Foulkeways set up a self-insured group health plan with Retirement Community Health Plan of Pennsylvania (RCHP). Foulkeways assumes the risk for paying the health care claim costs up to $75,000 per participant per year. Additional claims are supported by RCHP 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.

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. During 2017, Foulkeways decertified from the Medicare A 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. As of October 1, 2022, Foulkeways is no longer self insured for workers' compensation. The Collaborative will continue to manage and pay claims from the reserves of the Collaborative until all claims are closed. As of December 31, 2025, claims are still open.

NOTE 9 FAIR VALUE MEASUREMENTS

The following table presents Foulkeways' fair value hierarchy for those investments and assets limited as to use measured at fair value on a recurring basis as of December 31, 2025.

	Level 1	Level 2	Level 3	Total
U.S. Government and Agency Securities	$ 5,444,113	$ -	$ -	$ 5,444,113
Mutual Funds	12,486,919	-	-	12,486,919
Corporate Bonds	11,536,390	-	-	11,536,390
Internationals	8,929,486	-	-	8,929,486
Total	$ 38,396,908	$ -	$ -	$ 38,396,908

The following table presents Foulkeways' fair value hierarchy for those investments and assets limited as to use measured at fair value on a recurring basis as of December 31, 2024.

	Level 1	Level 2	Level 3	Total
U.S. Government and Agency Securities	$ 4,278,022	$ -	$ -	$ 4,278,022
Mutual Funds	12,193,456	-	-	12,193,456
Corporate Bonds	11,051,367	-	-	11,051,367
Internationals	7,167,989	-	-	7,167,989
Total	$ 34,690,834	$ -	$ -	$ 34,690,834

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 mutual funds, corporate bonds, U.S. government and agency securities, and foreign fixed income.

LETTER FROM THE FOULKEWAYS RESIDENTS ASSOCIATION:

Fran Bradley - President, Foulkeways Residents Association

The purpose of the Foulkeways Residents Association (FRA), as stated in its Constitution, is "to encourage and support an atmosphere of general concern and friendship among residents of Foulkeways at Gwynedd." Article 7 of the FRA Bylaws further states:

"In support of its purpose, the Foulkeways Residents Association encourages members to develop and maintain a variety of educational, literary, musical, horticultural, and other interests to promote mental, physical, and spiritual enrichment in their lives at Foulkeways at Gwynedd."

All residents of Foulkeways are automatically members of the FRA.

At the beginning of 2026, the FRA consisted of an 11-member Board of Directors, 32 committees, 20 service groups, 12 activity groups, and 2 combined administrative and resident committees. Three committees—the Barn Committee, the Craft Fair Committee, and the Gift Box Committee—generated approximately $80,000 in 2025 to support the work of the FRA's 66 service and activity groups.

The Barn Committee receives donations of furniture and household items from residents and sells them to other residents and members of the local community. In 2025, the Barn Committee raised approximately $43,000.

The Craft Fair Committee organizes an annual fair featuring crafts and baked goods created by residents and local artisans. In 2025, the Craft Fair raised approximately $20,470.

The Gift Box offers a variety of gifts and greeting cards and raised approximately $16,000 in 2025.

The FRA Board undertook two major projects during 2025. The first was a comprehensive revision of FRA Board Policies. This effort occupied much of the year and required approval by both the FRA Board and the full FRA membership.

The second project invited FRA-sponsored committees, services, and activity groups to propose special projects beyond their annual budget plans that might be funded through FRA reserves. To launch this initiative, the Board asked Treasurer Russ Bellavance to distribute a Memorandum on Planning Opportunities for Special Projects. The memorandum stated, in part:

"The FRA Board believes that the FRA's invested reserves are now sufficient that we can think about making active use of a portion of them to fund additional activities by sponsored groups. We will seek approval from the full FRA membership before doing so, and we are now targeting the June 2026 semiannual FRA membership meeting to consider funding special projects. Special projects might include long-term undertakings, special one-time capital expenditures, and other activities."

Proposals were due by March 31 for consideration at the June 1 semiannual membership meeting. By the deadline, the FRA had received eight proposals. Although some requests have since been revised, their combined cost remains within the FRA's anticipated funding capacity.

In Peace,

Fran Bradley

DISCOVER LIFE AT FOULKEWAYS

foulkeways.org | 215.643.2200

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