

Examination Warrant Number 10-CP-540-A

**Report of Examination of**

**Allegheny Christian Ministries, Inc. d/b/a Laurel View Village  
Davidsville, Pennsylvania**

**As of June 30, 2010**

**For Informational Purposes Only**

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Harrisburg, Pennsylvania  
January 4, 2011

Honorable Stephen J. Johnson, CPA  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Number 10-CP-540-A, dated, October 28, 2010, an examination was made of

**Allegheny Christian Ministries, Inc. d/b/a Laurel View Village**

a Pennsylvania domiciled continuing care provider, hereinafter referred to as "Provider". The examination was conducted at the Provider's home office, located at 2000 Cambridge Drive, Davidsville, Pennsylvania 15928.

A report of this examination is hereby respectfully submitted.

**SCOPE OF EXAMINATION**

This is the first exam of the Provider since beginning as a Continuing Care Retirement Community ("CCRC") in June 2007.

This examination covered the period from June 12, 2007 through June 30, 2010, and consisted of a general survey of the Provider's business practices and management, and an evaluation of the Provider's financial condition as of the latter date. Material subsequent events were also reviewed.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Pennsylvania Insurance Department ("Department").

The format of this report is consistent with the current practices of the Department and is limited to a description of the Provider, a discussion of financial items that are of specific regulatory concern, and a factual disclosure of other significant regulatory information.

For each year during the period under examination, the Certified Public Accounting ("CPA") firm of Barnes Saly & Company, Johnstown, Pennsylvania has provided an unqualified opinion based on generally accepted accounting principles. Relevant work performed by the

CPA firm, during its annual audit of the Provider, was reviewed during the examination and incorporated into the examination workpapers.

## **DESCRIPTION OF FACILITY**

The Provider is located on a 46 acre campus in the heart of the Laurel Highlands in Davidsville, Somerset County, Pennsylvania. The campus facilities provide a variety of senior-living options that include 55 two-bedroom, single story duplex townhomes with garages, and 55 one-bedroom residential apartments. Each residential unit includes a fully equipped kitchen, safety-equipped bathroom(s), wall-to-wall carpeting, individually controlled thermostats, and an emergency call system. The apartment units are housed in an apartment structure that is connected via enclosed corridors to Laurel View Village's commons building, community center and Health Care Center. The Health Care Center consists of a 67-unit personal care facility and 60-bed skilled nursing facility and includes two (2) specialized areas for individuals with memory impairments. Laurel View Village is dually certified as a provider of Medicare and Medicaid services. Laurel View Village also owns the Davidsville Care Center, a comprehensive out patient health care center located on its campus, providing residents convenient access to primary care physicians, physical and occupational therapy, and outpatient laboratory services. A new 55-unit independent living apartment complex, Cambridge Place, opened in May 2010. The apartments vary in size, but all include two-bedrooms, and one and one half or two safety-equipped baths. Each residential unit includes a fully-equipped kitchen, washer and dryer, wall-to-wall carpeting, individually controlled thermostats, private balconies/patios, and an emergency call system. The three story apartment building includes an attached community center, parking garage, dining room, bistro, fitness center and swimming pool.

**FEES AND SERVICES**

**ENTRANCE FEES**

The following is a sample of the Accommodation Fee and Monthly Service Fee for a typical one-bedroom residential living apartment unit (670 square feet) at Laurel View Village:

	<b>Accommodation Fee</b>	<b>Monthly Service Fee</b>
<b>Single Occupant</b>		
90% refund	\$ 185,900	\$ 1,338
60% refund	\$ 113,400	\$ 1,338
30% refund	\$ 81,500	\$ 1,338
	<b>Accommodation Fee</b>	<b>Monthly Service Fee</b>
<b>Double Occupant</b>		
90% refund	\$ 185,900	\$ 1,661
60% refund	\$ 113,400	\$ 1,661
30% refund	\$ 81,500	\$ 1,661

**SERVICES**

The following services are provided in the Apartments: water, sewer, trash removal, building and grounds maintenance, snow removal, scheduled transportation, continental breakfast and one meal per day. The Townhomes provide the same service except for one meal per day and continental breakfast. Cambridge Place has a flex-plan for the daily meal and the continental breakfast. All the other services are the same as the Townhomes and the Apartments.

**REFUND POLICY**

Residents of Laurel View Village pay three (3) fees: 1) a one-time, non-refundable Administrative Fee of \$250; 2) a one-time Accommodation Fee based upon the type and size of residential living unit selected; and 3) a recurring Monthly Service Fee based upon the type and size of residential living unit selected and the number of residents occupying the residential living unit. Upon reservation of an apartment or town-home unit, and execution of the Resident Agreement, the Resident pays a non-refundable Administrative Fee of \$250 plus twenty percent (20%) of the Accommodation Fee, the sum of \$2,000 of which is non-refundable unless the Resident (or residents, if the Resident is a couple) is not physically capable of assuming residency in the residential living unit. The remainder is due upon occupancy, but no later than 30 days following occupancy, or notification that the residential living unit is ready for occupancy. No interest is paid to the resident on deposits.

The Provider provides three (3) Accommodation Fee refund options. If the Resident Agreement is terminated by a resident of Laurel View Village as provided in the Resident Agreement prior to the fifty-sixth (56<sup>th</sup>) month, (Option 1), or the thirty-second (32<sup>nd</sup>) month (Option II); or the eighth month (Option III) of the date of residency, Laurel View Village will refund to the resident or the resident's estate an amount equal to:

Accommodation Fee Option I (30% Refund) – the total Accommodation Fee paid by the resident less the greater of 1.25% of such total Accommodation Fee for each full month which has elapsed since the date residency commenced or \$2,000. If the Resident Agreement is terminated after the fifty-sixth (56<sup>th</sup>) month of the date residence commences, then Laurel View Village will refund to the resident or the resident's estate an amount equal to thirty percent (30%) of the total Accommodation Fee paid by the resident, less any amounts due to Laurel View Village by the resident.

Accommodation Fee Option II (60% Refund) – the total Accommodation Fee paid by the resident less the greater of 1.25% of such total Accommodation Fee for each full month which has elapsed since the date residency commenced or \$2,000. If the Resident Agreement is terminated after the thirty-second (32<sup>nd</sup>) month of the date residence commences, then Laurel View Village will refund to the resident or the resident's estate an amount equal to sixty percent (60%) of the total Accommodation Fee paid by the resident, less any amounts due to Laurel View Village by the resident.

Accommodation Fee Option III (90% Refund) – the total Accommodation Fee paid by the resident less the greater of 1.25% of such total Accommodation Fee for each full month which has elapsed since the date residency commenced or \$2,000. If the Resident Agreement is terminated after the eighth (8<sup>th</sup>) month of the date residence commences, then Laurel View Village will refund to the resident or the resident's estate an amount equal to ninety percent (90%) of the total Accommodation Fee paid by the resident, less any amounts due to Laurel View Village by the resident.

### **DISCLOSURE STATEMENT**

A review of the 2009 Annual Disclosure Statement revealed that the Provider was in total compliance with both 40 P.S. § 3207 and 31 Pa. Code § 151.7.

### **RESIDENT AGREEMENT**

A review of both the Resident Agreements currently offered by the Provider revealed that they were in total compliance with both 40 P.S. § 3214 and 31 Pa. Code § 151.8.

## HEALTH CARE

The Provider provides an array of senior living options that include nursing care, personal care, specialized care for those with Alzheimer's and related dementias, residential apartments and townhomes. Laurel View Village is certified to provide Medicare and Medicaid services, operates as a Continuing Care Retirement Community under the Pennsylvania Insurance Department, and admits and provides services to all persons without regard to race, color, age, sex, religious creed, national origin of physical or mental handicap.

## MANAGEMENT AND CONTROL

### BOARD OF DIRECTORS

According to the Articles of Incorporation and By-Laws of the Provider, the governing body of the corporation shall be its Board of Directors ("Board"). It shall have complete administrative authority of the corporation. At all meetings of the Board, there shall be a quorum for the transaction of business if directors representing a majority of the vote are present at the meeting in person or other telephonic or other communications equipment. Members of the Board serve without remuneration for their services. There shall be no fewer than ten (10) and no more than sixteen (16) members on the Board of Directors.

The Board of Directors shall elect from among their number the following officers who shall perform the duties prescribed by the constitution or by its parliamentary authority, namely Roberts's Rules of Order Newly Revised, or Latest Edition: Chairperson, Vice Chairperson, Secretary, Corresponding Secretary, Treasurer, Assistant Treasurer, and Financial Secretary.

As of the examination date, June 30, 2010, the Board of Directors was comprised of the following members:

<b>Name and Address</b>	<b>Principal Occupation</b>
W. John Augustine Johnstown, Pennsylvania	Owner Central Contractors Supply Co.
Robert E. Barrett Hollsopple, Pennsylvania	Retired
Thomas E. Barron Davidsville, Pennsylvania	Retired
David R. Davis Johnstown, Pennsylvania	President Mountaintop Technologies Inc.

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Anita Barker Faas  
Johnstown, Pennsylvania

Executive Director  
Walnut Management

Joyce Kuhns Harsberger  
Boswell, Pennsylvania

Insurance Agent  
State Farm Insurance

David E. Mishler  
Johnstown, Pennsylvania

Executive Director/Chief Executive Officer  
Laurel View Village

John William Reed III  
Johnstown, Pennsylvania

Sales Representative  
Johnstown Chemical Co.

Eugene S. Spangler  
Davidsville, Pennsylvania

Retired

Michael E. Stevens  
Hollisville, Pennsylvania

Senior Vice President  
First National Bank

Barry L. Thomas  
Johnstown, Pennsylvania

Partner  
College Park Plaza

**OFFICERS**

As of the examination date, June 30, 2010, the following officers were appointed and serving in accordance with the Provider's By-Laws:

<b>Name</b>	<b>Title</b>
W. John Augustine	Chairperson
Michael E. Stevens	Vice Chairperson
Robert E. Barrett	Secretary
John William Reed III	Treasurer
Joyce Kuhns Harsberger	Assistant Secretary/Treasurer

All directors and officers are elected at the annual meeting of the Board of Directors and hold office for a term of one year and until his or her successor qualifies and is elected.

## CORPORATE RECORDS

### MINUTES

A review of the minutes of the thirty-three (33) Board of Directors' Meetings held during the period under examination indicated that a quorum was present for all meetings except on October 30, 2007 when a quorum was not present. Article IV, Section 2 of the By-Laws stipulates that at all meetings of the Board of Directors, there shall be a quorum for the transaction of business if directors representing a majority of the meeting in person or by telephonic or other communications equipment. Article IV, Section stipulates that there shall be no fewer than ten (10) and no more than sixteen (16) directors of the Board of Directors. At the time of the October 30, 2007 meeting, there were ten (10) directors serving on the Board, and only five (5) were present, and a quorum was not established.

### ARTICLES OF INCORPORATION

There were no changes or amendments made to the Provider's Articles of Incorporation during the examination period.

### BY-LAWS

There were no changes or amendments made to the Provider's By-Laws during the period under examination.

### SERVICE AND OPERATING AGREEMENTS

The Provider has two Management Agreements. The first agreement is a Pharmacy Provider Agreement which was signed and implemented on March 5, 1999 with Township Pharmacy (hereinafter referred to as the "Pharmacy"). The Pharmacy agrees to provide, furnish, and supply pharmaceutical drugs, biologicals, supplies, and equipment to the Provider. The agreement is valid for a term of 3 years or 36 months with automatic renewal provided that no infraction of contract or inadequacy of service has occurred.

The second agreement is a Therapy Services Agreement entered into on March 7, 2008 with Rehabcare Group East, Inc., d/b/a Rehabcare Group Therapy Services, inc. ("RehabCare"). RehabCare agrees to provide Therapy Services to the Provider's residents during the term of the agreement. Such Therapy Services shall be provided, as appropriate, by the following therapy personnel: physical therapist(s), physical therapy assistant(s), occupational therapist(s), certified

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occupational therapy assistant(s), speech therapist(s), and therapy tech(s) (collectively, the "Therapy Personnel"). The agreement is valid for one year with automatic one year renewals.

**OCCUPANCY**

The following indicates the occupancy of the Provider during the period covered by this examination:

June 30, 2007	Total Units	Units Occupied	Percentage
<b>BEDS/UNITS</b>			
Nursing care	60	58	96.7 %
Personal Care	67	62	92.5 %
Continuing Care	170	153	90.0 %
<b>Total</b>	<u>297</u>	<u>273</u>	<u>91.9 %</u>

June 30, 2008	Units Occupied	Total Units	Percentage
<b>BEDS/UNITS</b>			
Nursing care	60	57	95.0 %
Personal Care	67	66	98.5 %
Continuing Care	170	136	80.0 %
<b>Total</b>	<u>297</u>	<u>259</u>	<u>87.2 %</u>

June 30, 2009	Units Occupied	Total Units	Percentage
<b>BEDS/UNITS</b>			
Nursing care	60	59	98.3 %
Personal Care	67	65	97.0 %
Continuing Care	170	152	89.4 %
<b>Total</b>	<u>297</u>	<u>276</u>	<u>92.9 %</u>

June 30, 2010	Units Occupied	Total Units	Percentage
<b>BEDS/UNITS</b>			
Nursing care	60	59	98.3 %
Personal Care	67	63	94.0 %
Continuing Care	198	193	97.5 %
<b>Total</b>	<u>325</u>	<u>315</u>	<u>96.9 %</u>

**PENDING LITIGATION**

The Provider is not currently involved in any pending litigation which would have a material effect on its financial condition.

## FINANCIAL STATEMENTS

The financial condition of the Provider, as of June 30, 2010, and the results of its operations for the three-year period under examination, are reflected in the following statements:

Comparative Statement of Assets, Liabilities, Surplus and Other Funds;  
Comparative Statement of Operations; and  
Comparative Statement of Cash Flow.

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**Comparative Statement of Assets, Liabilities, Surplus and Other Funds  
As of June 30,**

	2010	2009	2008	2007
Cash on hand or on deposit	\$501,940	\$1,015,118	\$322,061	\$291,559
Certificates of deposit	0	0	150,000	150,000
Accounts receivable-residents, net	933,557	913,074	667,118	719,690
Accounts receivable-insurance recovery	0	436,625	553,650	0
Prepaid expenses and other current assets	152,960	221,373	178,808	198,210
Assets whose use is limited, current portion	648,541	589,442	799,674	537,417
<b>Total current assets</b>	<b>2,236,998</b>	<b>3,175,632</b>	<b>2,671,311</b>	<b>1,896,876</b>
Property and equipment, net of accumulated depreciation	38,282,264	25,477,177	19,585,249	15,379,710
Valuation of derivative instruments	0	126,500	0	0
Long-term investments	794,914	732,150	783,400	988,704
Assets whose use is limited, net of current position	5,622,603	3,298,899	1,659,984	810,548
Project developmentg and financing costs	1,578,870	1,539,341	1,369,908	670,565
<b>Total assets</b>	<b>\$ 48,515,649</b>	<b>\$ 34,349,699</b>	<b>\$ 26,069,852</b>	<b>\$ 19,746,403</b>
Accounts payable-trade	\$ 536,075	\$ 349,599	\$ 398,958	\$ 434,153
Accounts payable-construction	317,012	1,102,316	848,000	0
Accrued liabilities	538,389	465,769	430,485	348,169
Accrued interest payable	84,591	45,615	51,191	52,786
Investment contracts payable	0	73,000	88,000	117,800
Line of Credit	0	0	662,664	45,128
Current portion of long-term debt	586,102	560,174	505,324	484,631
<b>Total current liabilities</b>	<b>2,062,169</b>	<b>2,596,473</b>	<b>2,984,622</b>	<b>1,482,667</b>
Refundable accommodation fees	6,335,184	6,850,099	4,864,383	4,138,424
Deferred revenue from accommodation fees	7,490,819	4,931,807	3,982,717	3,751,630
Long-term debt, net of current portion	28,166,305	15,523,188	11,063,176	11,568,488
Valuation of derivatgive instruments	954,147	0	0	0
<b>Total liabilities</b>	<b>45,008,624</b>	<b>29,901,567</b>	<b>22,894,898</b>	<b>20,941,209</b>
<b>Net assets</b>				
Unrestricted	3,400,824	4,360,589	3,077,765	(1,292,312)
Temporately restricted (Note 13)	106,201	87,543	97,189	97,506
<b>Total Net Assets</b>	<b>3,507,025</b>	<b>4,448,132</b>	<b>3,174,954</b>	<b>(1,194,806)</b>
<b>Total liabilities and net assets</b>	<b>\$ 48,515,649</b>	<b>\$ 34,349,699</b>	<b>\$ 26,069,852</b>	<b>\$ 19,746,403</b>

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Comparative Statement of Operations  
For the Year Ended June 30,

	2010	2009	2008	2007
<b>Unrestricted Net Assets</b>				
Revenues, gains and other support				
Net resident services revenue	\$ 9,935,543	\$ 9,555,282	\$ 8,212,020	\$ 8,349,241
Amortization of accommodation fees	714,265	602,829	452,786	453,674
Investment and interest income	93,594	74,387	158,399	144,036
Contributions	48,541	55,630	87,002	34,702
Total unrestricted revenue, gains and other support	10,791,943	10,288,128	8,910,207	8,981,653
Net assets released from restrictions used for operations	0	0	20,097	1,961
Total unrestricted revenue, gains and other support and reclassifications	10,791,943	10,288,128	8,930,304	8,983,614
Expenses				
Salaries and benefits	6,133,721	5,828,974	5,534,088	5,179,925
Professional Services	647,274	581,649	429,522	350,067
Supplies and utilities expense	1,934,181	1,874,736	1,501,357	1,535,032
Insurance expense	200,850	212,498	196,151	238,912
Depreciation and amortization expense	1,033,597	934,481	740,241	807,947
Interest expense	492,129	491,283	548,880	567,686
Other expense	249,004	218,539	198,459	168,393
Total expenses	10,690,756	10,142,160	9,148,698	8,847,962
Net income	101,187	145,968	(218,394)	135,652
<b>Unrestricted</b>				
Retained earnings/fund balance, previous year	4,384,906	3,257,696	(1,330,458)	(1,380,102)
Net income	0	0	0	0
Other changes in unrestricted net assets:				
Net unrealized gain (loss) on investments	19,695	(47,701)	(37,856)	22,682
Transfer to community foundation	0	0	(22,749)	0
Gain on insurance recovery-fire loss	0	1,058,057	4,649,076	0
Net unrealized gain (loss) on derivative instrument	(1,080,647)	126,500	0	0
Change in unrestricted net assets	(1,060,952)	1,136,856	4,588,471	22,682
<b>Restricted</b>				
Contributions	6,013	5,000	0	28,923
Investment income (loss)	12,645	(14,646)	(2,969)	0
Transfer to community foundation	0	0	22,749	0
Net assets released from restrictions used for operations	0	0	(20,097)	(1,961)
Change in unrestricted net assets	18,658	(9,646)	(317)	26,962
Change in net assets	(1,042,294)	1,127,210	4,588,154	49,644
<b>Unrestricted and Restricted</b>				
Retained earnings/fund balance, current year	\$ 3,342,612	\$ 4,384,906	\$ 3,257,696	\$ (1,330,458)

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Comparative Statement of Cash Flow  
For the Year Ended June 30,

	2010	2009	2008	2007
Cash flows from operating activities				
Changes in net assets	\$ (941,107)	\$ 1,273,178	\$ 4,369,760	\$ 185,296
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Amortization of deferred revenue from accommodation fees	(714,265)	(602,829)	(452,786)	(453,674)
Accommodation fees received, net of refunds	593,535	1,418,497	270,060	0
Net realized and unrealized (gains) losses on investment	(80,504)	32,350	10,724	(54,687)
Net unrealized gain (loss) on change in market value of derivatives	1,080,647	(126,500)	0	0
Depreciation and amortization	1,033,597	934,481	740,241	807,947
Provision for bad debts	0	0	20,000	0
Payments for deferred marketing costs	(51,291)	(62,830)	(83,032)	0
Loss on disposal of property and equipment	0	0	5,370	0
Gain on property and equipment due to fire	0	(994,121)	(3,870,285)	0
Changes in operating assets and liabilities:				
(Increase) in accounts receivable	20,014	83,724	(521,078)	(259,186)
Decrease in contributions receivable	0	0	13,085	0
Decrease (increase) in other current assets	68,413	(42,565)	6,317	(52,943)
Increase (decrease) in accounts payable	186,476	(49,359)	(35,195)	174,438
Increase in accrued liabilities	72,621	35,283	82,316	19,537
Increase (decrease) in accrued interest payable	38,976	(5,576)	(1,595)	(1,496)
Net cash provided by operating activities	<u>1,307,112</u>	<u>1,893,733</u>	<u>553,902</u>	<u>365,232</u>
Cash flows from investing activities				
Purchases of long-term investments	(518,775)	(447,929)	(559,411)	(286,577)
Purchases of property and equipment	(14,598,227)	(6,073,617)	(7,501,440)	(1,787,485)
Proceeds from sale of long term-investments	506,028	585,190	740,668	368,411
Change in assets whose use is limited	(2,352,316)	(1,397,044)	(1,098,369)	(53,164)
Insurance proceeds pertaining to property and equipment	436,625	1,111,146	6,652,263	0
Net cash used in investing activities	<u>(16,526,665)</u>	<u>(6,222,254)</u>	<u>(1,766,289)</u>	<u>(1,758,815)</u>
Cash Flows From Financing Activities:				
Proceeds from long-term debt and investment contracts	13,229,198	5,047,874	0	0
Payments on long-term debt and investment contracts	(633,153)	(548,012)	(514,419)	(474,364)
Net decrease in line of credit	0	(662,664)	617,536	45,128
Payments for deferred financing costs	(14,000)	(605,078)	0	0
Accommodation fees received	2,273,930	1,954,358	1,493,616	1,879,320
Refund of accommodation fees	(149,600)	(164,900)	(353,844)	(202,452)
Net cash provided by financing activities	<u>14,706,375</u>	<u>5,021,578</u>	<u>1,242,889</u>	<u>1,247,632</u>
Net increase (decrease) in cash and cash equivalents	(513,178)	693,057	30,502	(145,951)
Cash and cash equivalents, beginning of year	1,015,118	322,061	291,559	437,510
Cash and cash equivalents, end of year	<u>\$ 501,940</u>	<u>\$ 1,015,118</u>	<u>\$ 322,061</u>	<u>\$ 291,559</u>

## SUMMARY OF EXAMINATION CHANGES

There were no changes made to the Provider's financial statements as a result of this examination.

## NOTES TO FINANCIAL STATEMENTS

### STATUTORY MINIMUM LIQUID RESERVE

40 P.S. §3209, requires the Provider to establish and maintain liquid reserves in an amount equal to or exceeding the greater of: the total of all principal and interest payments due during the next 12 months on account of any mortgage loan or other long term financing of the facility; or ten percent of the projected annual operating expenses of the facility exclusive of depreciation.

Laurel View Village's total principal and interest payments due during the next 12 months ending June 30, 2011 would be \$1,841,600. Approximately 60% of the population is continuing care residents. Sixty percent of \$1,841,600 is \$1,104,960.

Laurel View Village's projected June 30, 2011 budget of annual operating expenses, exclusive of depreciation and amortization is \$10,353,000. Ten percent of these projected annual operating expenses would be \$1,035,300.

The statutory minimum liquid reserve requirement as of June 30, 2010 is \$1,104,960. Laurel View Village has met the statutory minimum liquid reserve with \$1,250,167 maintained in the debt service fund and debt service reserve fund trust accounts invested in cash, commercial paper and treasury securities held at First National Trust Company and Ameriserv Trust & Financial Services Company.

### LONG TERM DEBT

Long-term debt includes bonds that were issued by the Somerset County Hospital Authority. The Series of 1998 and 1995 bonds are collateralized by a first mortgage on substantially all of the property of the Provider and a secured interest in all of its receipts. The Series of 1998 bonds are subject to early redemption, in whole or in part, at par after November 15, 2004. In December 2003, the remaining Series of 1995 bonds were redeemed in connection with \$6,735,000 in financing that was provided by a local bank, Ameriserv Financial. The proceeds were used to retire the Series of 1995 bonds that were outstanding, all accrued interest and for associated costs related to the financing. The loan is collateralized by a shared first lien mortgage with the Authority on substantially all of the property of the Provider and a secured

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interest in all of its receipts. On November 13, 2008, the Somerset County Hospital Authority issued its Senior Mortgage Revenue Note, Series A of 2008 in the aggregate principal amount of \$10,000,000 and the Geistown Borough Municipal Authority issued its Senior Mortgage Revenue Note, Series B of 2008 in the aggregate principal amount of \$10,000,000 to provide funding for the development and construction of Cambridge Place, a fifty-five (55) unit residential living apartment building along with a community center, dining room, restaurant and fitness center on the Laurel View Village campus. Cambridge Place was completed and ready for occupancy in May 2010.

Principal due on long-term debt for each of the five years after December 31, 2009 are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2011	\$ 586,102
2012	652,126
2013	668,247
2014	684,465
2015	705,783
Thereafter	25,455,684
	<u>\$ 28,752,407</u>

**SUBSEQUENT EVENTS**

There were no significant transactions that transpired subsequent to the date of this examination.

**RECOMMENDATIONS**

**PRIOR EXAMINATION**

This is the first examination of the Provider.

**CURRENT EXAMINATION**

As a result of the current examination, no recommendations are being made.

Allegheny Christian Ministries, Inc. d/b/a Laurel View Village

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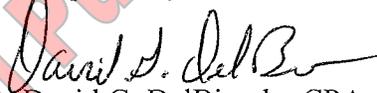
CONCLUSION

As a result of this examination, the financial condition of Allegheny Christian Ministries, Inc. d/b/a Laurel View Village, as of June 30, 2010, was determined to be as follows:

	Amount	Percentage
Admitted assets	\$ 48,515,649	100.0 %
Liabilities	\$ 45,008,624	92.8 %
Surplus as regards policyholders	3,507,025	7.2 %
Total liabilities and surplus	\$ 48,515,649	100.0 %

This examination was conducted by Harold Batchen, Jr.

Respectfully



David G. DelBiondo, CPA  
Director, Bureau of Financial Examinations



Dennis Mavrach, CFE  
Examination Manager



Harold Batchen, Jr., CFE  
Examiner-in-Charge

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