

EXAMINATION WARRANT # 15-252299089-CP

REPORT OF EXAMINATION

OF THE

**ALLEGHENY CHRISTIAN MINISTRIES, INC.,
DAVIDSVILLE, PENNSYLVANIA**

AS OF

June 30, 2015

For Informational Purposes Only

Allegheny Christian Ministries, Inc.

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Harrisburg, Pennsylvania
March 25, 2016

Honorable Joseph DiMemmo, CPA
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation
Pennsylvania Insurance Department
Harrisburg, Pennsylvania

Dear Sir:

In compliance with instructions contained in Examination Warrant 15-252299089-CP dated February 3, 2016 and in accordance with provisions of the Pennsylvania Continuing Care Provider Registration and Disclosure Act, 40 P.S. § 3219 (“the Act”), an examination was conducted of the records and affairs of

ALLEGHENY CHRISTIAN MINISTRIES, INC.

a continuing care retirement community (“CCRC”), hereafter referred to as the “Provider.” This examination was conducted in part at the Provider’s facility located at 2000 Cambridge Drive, Davidsville, Pennsylvania 15928.

The report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

This is the second examination of the Provider. This examination covered the period from July 1, 2010 through June 30, 2015 and consisted of a general survey of the Provider’s business practices and management, and an evaluation of the Provider’s financial condition, based upon the results of its annual audits. 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 key financial items that are of specific regulatory concern, and a disclosure of other significant regulatory information.

The objective of this examination was to determine the extent of the Provider’s compliance with the Act and 31 Pa. Code § 151 (“the Regulations”).

For the fiscal years ending June 30, 2011 through June 30, 2015 the Provider’s financial statements were audited by the certified public accounting (“CPA”) firm of Barnes Saly & Company, P.C., of Johnstown, Pennsylvania. The CPA issued an unmodified opinion based on generally accepted accounting principles for all years of the examination.

HISTORY

The Allegheny Christian Ministries, Inc., ("the Provider"), a Pennsylvania not for profit corporation, was incorporated on July 14, 1983. The Provider is a joint venture between Allegheny Christian Services Corporation and the Johnstown Medical Development Corporation. On August 9, 1991, the Provider entered into a joint venture agreement with Johnstown Medical Development Corporation to construct a 60-bed long term care facility along with 30 personal care suites, collectively known as Laurel View Village.

In 1996, the Vista apartments and the Townhomes opened as independent living units and were rented monthly. The Provider was granted a Certificate of Authority to operate a CCRC on June 12, 2007. In 2008, the Provider began the development of a 55-unit residential living complex of apartments, known as Cambridge Place. Cambridge Place was completed and available for occupancy in May of 2010. As of June 30, 2015, all independent living units are leased under CCRC agreements.

The Provider is a tax-exempt organization under § 501(c)(3) of the Internal Revenue Code.

DESCRIPTION OF FACILITY

The Provider is located on a 46-acre campus in the Laurel Highlands in Davidsville, Somerset County, Pennsylvania. The Provider is a not for profit organization that operates a 67-bed personal care unit, a 60-bed nursing unit, 110 apartments, and 60 townhouses for residential living facilities.

The Provider operates as Laurel View Village, a fictitious name registered with the Commonwealth of Pennsylvania.

The Health Care Center consists of a 67-unit personal care facility and a 60-bed skilled nursing home with two specialized areas for individuals with memory impairments. On the campus the Provider operates Davidsville Care Center, a comprehensive outpatient health care center, which provides residents the access to primary care physicians, physical and occupational therapy, and outpatient laboratory services.

The apartments vary in size but include two bedrooms and safety equipped baths. Each residential living unit includes a fully equipped kitchen, washer and dryer, private balconies, and an emergency call system. The three-story facility includes an attached community center, a parking garage, dining room, fitness center, and a swimming pool.

There are three types of living units available to residents; including the Vista Apartments, Cambridge Place apartments, and the Townhomes. As of June 30, 2015, the Provider had a total census of 337 residents; 216 of those were classed as CCRC residents. Of those 216 CCRC residents, 57 residents were located in the Vista Apartments, 64 residents at Cambridge Place, and 95 residents in the Townhomes.

FEES AND SERVICES

The following is a sample of the Accommodation Fee and Monthly Service Fee for a typical two-bedroom residential living apartment unit (1,416 square feet) at Cambridge Place:

| Single Occupant | Accommodation Fee | Monthly Service Fee |
|------------------------|--------------------------|----------------------------|
| 90% refund | \$430,400 | \$1,967 |
| 60% refund | \$262,400 | \$1,967 |
| 30% refund | \$188,600 | \$1,967 |
| | | |
| Double Occupant | Accommodation Fee | Monthly Service Fee |
| 90% refund | \$430,400 | \$2,330 |
| 60% refund | \$262,400 | \$2,330 |
| 30% refund | \$188,600 | \$2,330 |

The following is a sample of the Accommodation Fee and Monthly Service Fee for a typical two-bedroom residential living apartment unit (850 square feet) at the Vista Apartments:

| Single Occupant | Accommodation Fee | Monthly Service Fee |
|------------------------|--------------------------|----------------------------|
| 90% refund | \$230,500 | \$1,922 |
| 60% refund | \$140,500 | \$1,922 |
| 30% refund | \$101,000 | \$1,922 |
| | | |
| Double Occupant | Accommodation Fee | Monthly Service Fee |
| 90% refund | \$230,500 | \$2,313 |
| 60% refund | \$140,500 | \$2,313 |
| 30% refund | \$101,000 | \$2,313 |

The following is a sample of the Accommodation Fee and Monthly Service Fee for a typical two-bedroom residential living apartment unit (1,874 square feet) at the Townhomes. There is an additional occupancy charge of \$145 per month for an additional resident:

| Single Occupant | Accommodation Fee | Monthly Service Fee |
|------------------------|--------------------------|----------------------------|
| 90% refund | \$500,900 | \$833 |
| 60% refund | \$305,400 | \$833 |
| 30% refund | \$219,500 | \$833 |
| | | |
| Double Occupant | Accommodation Fee | Monthly Service Fee |
| 90% refund | \$500,000 | \$833 |
| 60% refund | \$305,400 | \$833 |
| 30% refund | \$219,500 | \$833 |

Residents of Laurel View Village pay three fees: 1) a one-time non-refundable Administrative Fee of \$250; 2) a one-time Accommodation Fee based upon the type and size of the residential living unit selected; and 3) a recurring Monthly Service Fee based upon the type and size of the residential living unit selected and the number of residents occupying such unit. Upon reservation of an apartment or town house unit and execution of the Resident Agreement, the Resident pays a non-refundable Administrative Fee of \$250 plus 20% of the Accommodation Fee, the sum of \$2,000 of which is nonrefundable unless the Resident (or Residents if a married 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 following services are provided in the Vista Apartments: water, sewer, trash removal, buildings and grounds maintenance, snow removal, scheduled transportation, continental breakfast and one meal per day. The Townhomes provide the same services except for one meal per day and continental breakfast. Cambridge Place offers a flex plan for dining options and includes all the other services as offered at the Townhomes and Vista Apartments.

REFUND POLICY

The Refund Policy for the Provider varies depending upon the length of occupancy and as described below.

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 the residency commenced or \$2,000. If the Resident Agreement is terminated after the fifty-sixth month of the date residence commences, then the Provider will refund to the resident or the resident's estate an amount equal to 30% of the Total Accommodation Fee paid by the resident, less any amounts due to Laurel View Village.

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 the residency commenced or \$2,000. If the Resident Agreement is terminated after the thirty second month of the date residence commences, then the Provider will refund to the resident or the resident's estate an amount equal to 60% of the Total Accommodation Fee paid by the resident, less any amounts due to Laurel View Village.

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 the residency commenced or \$2,000. If the Resident Agreement is terminated after the eighth month of the date residence commences, then the Provider will refund to the resident or the resident's estate an amount equal to 90% of the Total Accommodation Fee paid by the resident, less any amounts due to Laurel View Village.

Termination Before Occupancy

In the event a Resident dies prior to residency, or through illness, injury or incapacity is precluded from becoming a resident under the terms of the Resident Agreement, the Resident Agreement is automatically rescinded. Under such circumstances, the Resident shall receive a full refund of all monies paid to Laurel View Village, excluding the administrative fee or costs specifically incurred by Laurel View Village.

Termination After Occupancy

If the Agreement is terminated by Resident or by Laurel View Village prior to the fifty-sixth month (Option 1) or the thirty-second month (Option 2) or the eighth month (Option 3) of the date residency commences, then Laurel View Village will refund to Resident or Resident's estate an amount equal to: Accommodation Fee Option I (30% refund) the total Accommodation Fee

paid by 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 Agreement is terminated after the fifty-sixth month of the date residency commences, then Laurel View Village will refund to Resident or Resident's estate an amount equal to thirty percent (30%) of the total accommodation Fee paid by Resident. Accommodation Fee Option II (60% Refund) the total Accommodation Fee paid by 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 Agreement is terminated after the thirty-second month of the date residency commences, then Laurel View Village will refund to Resident or Resident's estate an amount equal to sixty percent (60%) of the total Accommodation Fee paid by Resident. Accommodation Fee Option III (90% refund) the total Accommodation Fee paid by 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 Agreement is terminated after the eight month of the date residency commences, then Laurel View Village will refund to Residents or Resident's estate an amount equal to ninety percent (90%) of the total Accommodation Fee paid by Resident.

Any refund due in accordance with the foregoing provisions shall be repaid by Laurel View Village to Resident or Resident's estate at such time as a new resident commences occupancy of the Residential Living Unit formerly occupied by Resident.

Conditions and Timing for Refunds

Any refund due in accordance with provisions of the Resident Agreement shall be repaid by Laurel View Village to the Resident or the Resident's estate at such time as a new resident commences occupancy of the Residential Living Unit formerly occupied by the Resident.

MANAGEMENT AND CONTROL

BOARD OF DIRECTORS

The management of the Provider is vested in its Board of Directors ("Board") which was composed of the following members as of the examination date, June 30, 2015:

| <u>Name and Address</u> | <u>Principal Occupation</u> |
|--|-----------------------------|
| W. John Augustine Davidsville, Pennsylvania | Retired |
| Robert E. Barret Davidsville, Pennsylvania | Retired |
| Terry Buxbaum Johnstown, Pennsylvania | Retired |
| Anita B. Faas Johnstown, Pennsylvania | Retired |

| | |
|--|--|
| Glenn E. Lehman Johnstown, Pennsylvania | Retired |
| Catherine P. Zakucia Somerset, Pennsylvania | Attorney Carolann A. Young and Associates. P.C. |
| John W. Reed Johnstown, Pennsylvania | Chief Executive Officer Lee Initiatives, Inc. |
| C. Edward Shoemaker Davidsville, Pennsylvania | Retired |
| Michael E. Stevens Johnstown, Pennsylvania | Corporate Loan Officer Somerset Trust Company |
| Barry L. Thomas Johnstown, Pennsylvania | Financial Advisor Kabler Thomas Financial Group |

OFFICERS

As of the examination date, June 30, 2015, the following officers were appointed and serving in accordance with the Providers by-laws:

| <u>Name</u> | <u>Title</u> |
|---------------------|-------------------------|
| Anita B. Faas | Chairman |
| W. John Augustine | Vice - Chairman |
| Michelle N. Rassler | Chief Executive Officer |
| Timothy V. Mock | Chief Financial Officer |
| John W. Reed | Treasurer |
| Robert E. Barrett | Secretary |

CORPORATE RECORDS

ARTICLES OF INCORPORATION

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

BY-LAWS

There were no changes to the Provider's by-laws during the examination period.

ANNUAL DISCLOSURE STATEMENT

The Provider's 2015 Annual Disclosure Statement was reviewed for compliance with the Act, 40 P.S. § 3207 and the Regulations, specifically § 151.7 and § 151.9. The examiner found that the 2015 Annual Disclosure Statement is not in compliance with all the information required by the Act and the Regulations as described below.

The Disclosure Statement does not include language required by the Act in 40 P.S. §§ 3207(a)(3)(iii)(C)(I) and (II) regarding information relating to persons convicted of felonies or persons subject to injunctive or restrictive orders by the court.

It is recommended that the Provider amend the Annual Disclosure Statement to include all language pursuant to the requirements of 40 P.S. §§ 3207(a)(3)(iii)(C)(I) and (II).

The Disclosure Statement does not include a physical description of the property, including the designation of the facility as urban, suburban, or rural as required by the Regulations in 31 Pa. Code § 151.7(c)(4)(i).

It is recommended that the Provider include the language in the Disclosure Statement as required by 31 Pa. Code § 151.7(c)(4)(i).

The Provider failed to include in its resident files a signed copy of the Disclosure Statement or an acknowledgement of receipt of the Disclosure Statement by the resident at or on the date of occupancy, which is required by the Act in 40 P.S. § 3207(a).

It is recommended that the Provider document that all residents or prospective residents receive a Disclosure Statement before or at the date of occupancy in accordance with the requirements of 40 P.S. § 3207(a).

The examiner determined that the Provider does not have a documented policy to distribute the Disclosure Statement on an annual basis to all current and prospective residents as required by the Act in 40 P.S. § 3207(c).

It is recommended that the Provider implement procedures to distribute the Annual Disclosure Statement to current and prospective residents in accordance with the requirements of 40 P.S. § 3207(c).

RESIDENT AGREEMENT

The Provider's 2015 Resident Agreement was reviewed for compliance with the Act, 40 P.S. § 3214, and the Regulations, specifically § 151.8 and § 151.9. The examiner found that the 2015 Resident Agreement was not in compliance with all information required by the Act and the Regulations, as described below.

According to the Act in 40 P.S. § 3214(a)(11), the Resident Agreement should provide that charges for care paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes required by State or Federal assistance programs.

It is recommended that the Provider update their Resident Agreement to include the language required pursuant to the requirements of 40 P.S. § 3214(a)(11).

PENDING LITIGATION

There was no known pending legal actions or potential legal actions which could have a materially adverse effect on the Provider's financial condition as of the date of this examination report.

FINANCIAL STATEMENTS

The financial condition of the Provider, as of June 30, 2015, and the results of its operations for the last two years under examination are reflected in the following statements:

Comparative Balance Sheet;
Comparative Statement of Operations; and
Comparative Statement of Cash Flows

The financial information used to compile the following financial statements was presented in the audited financial statements as of June 30, 2015. There were no changes made to the financial statements as a result of this examination.

For Informational Purposes Only

**Comparative Balance Sheet
as of June 30,**

| <i>Assets</i> | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,357,377 | \$ 1,408,779 |
| Accounts receivable-residents, net | 719,665 | 1,099,570 |
| Prepaid expenses and other current assets | 95,637 | 104,522 |
| Assets whose use is limited, current portion | <u>787,242</u> | <u>765,603</u> |
| Total current assets | 2,959,921 | 3,378,474 |
| Property equipment, net of accumulated depreciation | 33,686,754 | 34,557,197 |
| Long-term investments | 3,841,606 | 3,782,058 |
| Statutory reserves | 1,642,260 | 1,523,132 |
| Assets whose use is limited, net of current option | 722,856 | 721,609 |
| Deferred costs, net | <u>1,161,217</u> | <u>1,246,023</u> |
| Total assets | <u>\$ 44,014,614</u> | <u>\$ 45,208,493</u> |
| | | |
| <i>Liabilities and Net Assets</i> | | |
| Current Liabilities: | | |
| Accounts payable-trade | \$ 439,404 | \$ 416,107 |
| Accrued liabilities | 574,847 | 524,081 |
| Accrued interest payable | 110,771 | 112,467 |
| Deposits from prospective residents | 91,500 | 285,270 |
| Current portion of long-term debt | <u>725,362</u> | <u>703,136</u> |
| Total current liabilities | 1,941,884 | 2,041,061 |
| Refundable accommodation fees | 6,805,197 | 6,720,892 |
| Deferred revenue from accommodation fees | 8,037,153 | 7,999,878 |
| Long-term debt, net of current portion | 22,467,329 | 23,192,666 |
| Valuation of derivative investments | <u>1,151,936</u> | <u>1,442,571</u> |
| Total liabilities | <u>40,403,499</u> | <u>41,397,068</u> |
| Net Assets: | | |
| Unrestricted | 3,449,556 | 3,649,946 |
| Temporarily restricted | <u>161,559</u> | <u>161,479</u> |
| Total net assets | <u>3,611,115</u> | <u>3,811,425</u> |
| Total liabilities and net assets | <u>\$ 44,014,614</u> | <u>\$ 45,208,493</u> |

**Comparative Statement of Operations
for the Year Ended June 30,**

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Unrestricted Net Assets: | | |
| Revenues, gains and other support | | |
| Net resident services revenue | \$ 12,155,252 | \$ 11,900,258 |
| Amortization of accommodation fees | 1,515,065 | 1,448,615 |
| Investment and interest income | 511,542 | 159,835 |
| Contributions and other income | 63,397 | 106,358 |
| | <hr/> | <hr/> |
| Total unrestricted revenues, gains and other support | 14,245,256 | 13,615,066 |
| | <hr/> | <hr/> |
| Net assets released from restrictions used for operations | 42,958 | 6,000 |
| | <hr/> | <hr/> |
| Total unrestricted revenues, gains and other support and reclassifications | 14,288,214 | 13,621,066 |
| | <hr/> | <hr/> |
| Expenses: | | |
| Salaries and benefits | 7,971,461 | 7,419,515 |
| Professional services | 576,211 | 462,673 |
| Supplies and utilities expense | 2,379,297 | 2,351,733 |
| Insurance expense | 204,248 | 208,245 |
| Depreciation and amortization expense | 1,634,262 | 1,600,367 |
| Interest expense | 1,245,223 | 1,266,200 |
| Other expense | 486,097 | 410,651 |
| | <hr/> | <hr/> |
| Total expenses | 14,496,799 | 13,719,384 |
| | <hr/> | <hr/> |
| Operating Income (loss) | (208,585) | (98,318) |
| | <hr/> | <hr/> |
| Other changes in unrestricted assets: | | |
| Net unrealized gain (loss) on investments | (282,440) | 670,826 |
| Net unrealized gain on change in fair value of derivative investment | 290,635 | 241,005 |
| | <hr/> | <hr/> |
| Change in unrestricted net assets | (200,390) | 813,513 |
| | <hr/> | <hr/> |
| Temporarily Restricted Net Assets: | | |
| Contributions | 41,500 | 25,000 |
| Investment income | 1,538 | 15,784 |
| Net assets released from restrictions used for operations | (42,958) | (6,000) |
| | <hr/> | <hr/> |
| Change in temporarily restricted net assets | 80 | 34,784 |
| | <hr/> | <hr/> |
| Change in net assets | (200,310) | 848,297 |
| | <hr/> | <hr/> |
| Net assets, beginning of year | 3,811,425 | 2,963,128 |
| | <hr/> | <hr/> |
| Net assets, end of year | <u>\$ 3,611,115</u> | <u>\$ 3,811,425</u> |

**Comparative Statement of Cash Flows
for the Year Ended June 30,**

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ (200,310) | \$ 848,297 |
| Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Amortization of deferred revenue from accommodation fees | (1,515,065) | (1,448,615) |
| Nonrefundable accommodation fees received, net of refunds | 1,870,287 | 995,866 |
| Net realized and unrealized gains on investments | (93,667) | (694,856) |
| Net unrealized gain on change in fair value of derivatives | (290,635) | (241,005) |
| Depreciation and amortization | 1,634,262 | 1,600,367 |
| Loss on disposal of property and equipment | 1,151 | 32,493 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 107,254 | (33,423) |
| Decrease in other current assets | 8,885 | 80,704 |
| Increase in accounts payable | 23,298 | 176,325 |
| Increase in accrued liabilities | 50,766 | 56,089 |
| Increase (decrease) in accrued interest payable | (1,695) | 211 |
| | <u>1,594,531</u> | <u>1,372,453</u> |
| Net cash provided by operating activities | | |
| Cash Flow From Investing Activities: | | |
| Purchases of long-term investments | (1,078,463) | (157,968) |
| Purchases of property and equipment | (680,165) | (396,737) |
| Proceeds from sale of long-term investments | 976,143 | 48,342 |
| Change in assets whose use is limited | (5,575) | (23,230) |
| | <u>(788,060)</u> | <u>(529,593)</u> |
| Net cash used in investing activities | | |
| Cash Flows From Financing Activities: | | |
| Payments on long-term debt | (703,111) | (683,104) |
| Proceeds from refundable accommodation fees | 583,620 | 891,396 |
| Refund of refundable accommodation fees | (738,382) | (688,240) |
| | <u>(857,873)</u> | <u>(479,948)</u> |
| Net cash used in financing activities | | |
| Net increase (decrease) in cash and cash equivalents | (51,402) | 362,912 |
| Cash and cash equivalents, beginning of year | <u>1,408,779</u> | <u>1,045,867</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,357,377</u> | <u>\$ 1,408,779</u> |

NOTES TO THE FINANCIAL STATEMENTS

STATUTORY MINIMUM LIQUID RESERVE

\$1,642,260

In accordance with 40 P.S. § 3209, the Provider must establish and maintain a statutory liquid reserve in an amount equal to or exceeding the greater of:

- (1) 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
- (2) Ten percent of the projected annual operating expenses of the facility exclusive of depreciation.

Of the above two requirements, the value of (1) is \$1,949,469 with the independent living proportional share of 65% equals \$1,267,155, and the value of (2) is \$1,315,971 with the independent living proportional share of 65% equals \$83,937. As of June 30, 2015, the Provider had established and reported a reserve of \$1,642,260 for this purpose. The Provider's current assets satisfy this requirement.

ESCROW ACCOUNT REQUIREMENTS

The Provider did not establish an escrow account that meets the definition of an escrow account.

It is recommended that the Provider establish an escrow account in accordance with the requirements of 40 P.S. § 3212.

SUBSEQUENT EVENTS

The examination team was not made aware of any events that could have a significant effect on the solvency of the Provider as of the date of examination and through the date of this examination report.

RECOMMENDATIONS

PRIOR RECOMMENDATIONS

This is the second examination of the Provider. There were no recommendations made as a result of the prior examination.

CURRENT RECOMMENDATIONS

As a result of the current examination, the following recommendations were made:

1. *It is recommended that the Provider amend the Annual Disclosure Statement to include all language pursuant to the requirements of 40 P.S. §§ 3207(a)(3)(iii)(C)(I) and (II).* (See "Annual Disclosure Statement", Page 7)
2. *It is recommended that the Provider include the language in the Disclosure Statement as required by 31 Pa. Code § 151.7(c)(4)(i).* (See "Annual Disclosure Statement", Page 7)
3. *It is recommended that the Provider document that all residents or prospective residents receive a Disclosure Statement before or at the date of occupancy in accordance with the requirements of 40 P.S. § 3207(a).* (See "Annual Disclosure Statement", Page 7)
4. *It is recommended that the Provider implement procedures to distribute the Annual Disclosure Statement to current and prospective residents in accordance with the requirements of 40 P.S. § 3207(c).* (See "Annual Disclosure Statement", Page 7)
5. *It is recommended that the Provider update their Resident Agreement to include the language required pursuant to the requirements of 40 P.S. § 3214(a)(11).* (See "Resident Agreement", Page 7)
6. *It is recommended that the Provider establish an escrow account in accordance with the requirements of 40 P.S. § 3212.* (See "Escrow Account Requirements", Page 12)

CONCLUSION

As a result of our examination, we conclude that Allegheny Christian Ministries, is not in compliance with all applicable Pennsylvania laws and regulations as they pertain to CCRCs as of June 30, 2015, as described in the recommendation section page 13 of this report.

This examination was conducted by Robert W. Smith, CFE.

Respectfully submitted,



Melissa L. Greiner
Director
Bureau of Financial Examinations



Matthew C. Milford, CFE
Examination Manager



Robert W. Smith, CFE
Examiner-In-Charge

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