

Examination Warrant Number 19-251804845-CP-2

Report of Examination of

**Brookline at Mifflintown, Inc.
d/b/a The Bridges at Brookline
Mifflintown, Pennsylvania**

As of December 31, 2019

For Informational Purposes Only

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For Informational Purposes Only

Harrisburg, Pennsylvania
June 28, 2022

Honorable Melissa L. Greiner
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Madam:

In accordance with instructions contained in Examination Warrant Number 19-251804845-CP-2, dated September 14, 2020, and in accordance with provisions of the Pennsylvania Continuing Care Provider Registration and Disclosure Act (“the Act”), as cited in 40 P.S. § 3219, an examination was made of

Brookline at Mifflintown, Inc.

a Pennsylvania domiciled continuing-care retirement community (“CCRC”), hereinafter referred to as the “Provider” or “Brookline.” The examination was conducted at the Provider’s home office, located at 2 Manor Boulevard, Mifflintown, Pennsylvania 17059.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Pennsylvania Insurance Department (“Department”) has performed an examination of the Provider which was last examined as of December 31, 2015. This examination covered the period from January 1, 2016 through December 31, 2019.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the 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 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 December 31, 2016 through December 31, 2018, the Provider’s financial statements were audited by the certified public accounting firm of Clyde, Ferraro & Co., LLP (“Clyde”). Clyde issued unmodified opinions on the Provider’s year-end financial statements based on statutory accounting principles.

For the fiscal year ending December 31, 2019, the Provider’s financial statements were audited by the certified public accounting firm (“CPA”) of BKD, LLP. The Provider is a member of a group of ten entities, the group name being Guardian Elder Care – The Guardian CCRC Group (“Group”). The CPA issued its independent auditors report as a combined financial statement for all members of the Group. The Group consists of the following CCRCs:

Brookline at Mifflintown, Inc.

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Guardian Elder Care at Tyrone I, LLC
Jefferson Hills Manor, LLC
Mulberry Square Elder Care and Rehabilitation Center, LLC
Brookmont Healthcare Center, LLC
North American Medical Centers, LLC
Guardian Elder Care at Nanticoke II, LLC
Brookline at Mifflintown, LLC (Provider)
Guardian Elder Care at Taylor, LLC
Curwensville Nursing Home, LLC
Guardian Elder Care at Mountain Top I, LLC

The CPA issued an unmodified opinion based on generally accepted accounting principles. Relevant work performed by the CPA, during its annual audit of the Provider, was reviewed during the examination and incorporated into the examination workpapers.

The Group's audited combined financial statements for year ending December 31, 2019, contained a Note 15, titled Management's Consideration of Going Concern Matters. This note presented various concerns by the CPA about the ability of the Group to continue as a going concern.

HISTORY

Brookline Manor and Retirement Village ("Brookline Manor") was purchased by Guardian Elder Care, Inc. ("GEC") in 1995. The Provider was originally incorporated on March 11, 1998 under the name Brookline at Mifflintown, Inc. In the same year, GEC sold the assets of Brookline Manor to Brookline at Mifflintown, Inc.

GEC continued to develop independent living on the Brookline campus through a wholly owned entity called Brookline Terrace, LLC. Effective September 1, 2005, Brookline Terrace became a wholly owned subsidiary of Brookline at Mifflintown, Inc. Including Brookline at Mifflintown, Inc., GEC operates ten nursing facilities with common ownership that have Continuing Care Retirement Communities in Pennsylvania. Brookline at Mifflintown's nursing facility is leased with a formal agreement from OHI Asset (PA) Trust which is owned by GEC owners. Brookline at Mifflintown, Inc. currently provides skilled nursing services on its existing campus in Mifflintown, Pennsylvania.

The Provider is a for-profit domestic corporation that is governed by a Board of Directors. A certificate of authority was issued from the Department to operate as a continuing care retirement community on September 29, 2006.

DESCRIPTION OF FACILITY

Brookline consists of 40 independent living cottages and seven terrace apartments, located on a 34-acre campus in rural Juniata County, Pennsylvania. The cottages and apartments are all single story. The independent living cottages offer one or two bedrooms, garage, separate laundry room, a front porch and optional back deck, living room, kitchen, bathroom, and storage. The terrace apartments offer a living space with a front porch and back deck, living room,

kitchen, bathroom, a large bedroom, and storage. The population of the Independent Living units consists of both CCRC residents (under a Residency Agreement), and Non-CCRC residents (under a Rental/Lease Agreement), who were not considered in the scope of the examination.

Located on the same campus is a nursing facility and personal care facility. The nursing facility maintains 85 beds and the personal care facility maintains 28 beds. Continuing care residents of the Bridges at Brookline are provided priority admission to the nursing facility or personal care facility. The personal care facility and the skilled nursing facility offer private or semi-private rooms.

As of December 31, 2019, the Independent Living units had a resident population of 6 residents who were under an active CCRC residency agreement, and 41 residents who were under a rental/lease agreement. The personal care facility's population was 21 residents, and the skilled nursing facility's population was 80 residents. The census of the skilled nursing facility changes daily.

FEES AND SERVICES

As of December 31, 2019, Entrance Fees for the independent living units range from \$20,000 to \$115,000 depending upon the entrance fee option selected, and the type/size of the unit. The entrance fee does not increase in the event of double occupancy. There are two entrance fee options available. Under Plan One the entrance fee is one hundred percent (100%) refundable, and under Plan Two the resident is guaranteed a refund of 20%. Under Plan Two the non-refundable portion of the entrance fee is amortized over a sixty (60) month period. Under both plans, any entrance fee refunds would be subject to adjustment or reduction due to amounts being owed to the community.

In addition to the entrance fee, residents are charged a monthly service fee. The monthly service fees for the residence per single or double occupancy range from \$365 to \$1,900. A security deposit may be charged as well.

Some of the services continuing care residents are entitled to include utilities, telephone, maintenance and repair of equipment, maintenance of grounds, property insurance, administrative services, limited transportation and activities. Other services are available at an additional charge.

REFUND POLICY

During the examination period, three continuing care resident agreements were terminated. Refunds were made to the residents in accordance with the resident agreement and in compliance with the Act. The Provider's refund policy that follows complies with the Act.

Refund during the Rescission Period

A resident may terminate the agreement within seven days of its execution (“rescission period”). All Entrance Fee payments shall be refunded within 60 days if the Notice of Right to Rescind is signed and delivered to Guardian Healthcare Office I, LLC.

In the event of termination by the Provider, a full refund of any Entrance Fee payments shall be made to the resident.

Refund after Rescission Period But Prior to Occupancy

After the lapse of the seven-day rescission period, but prior to occupancy, if a resident is precluded from becoming a resident because of death, illness, injury or incapacity, then the Provider shall make a full refund of all entrance fee payments. The refund may be reduced by amounts owed for expenses incurred by the Provider at the residents’ request.

If a resident terminates the agreement prior to occupancy, for reasons not due to illness, injury, incapacity or death, the entire entrance fee paid would be refunded. The resident shall pay the Provider any amounts incurred at the residents’ request.

Refund after Occupancy

In the event of termination after occupancy for any reason, the entrance fee will be refunded in accordance with the plan selected by the resident on the residency agreement. No interest will accrue on any amounts including the entrance fee. After Occupancy, all applicable refunds will be made no later than sixty (60) days following the date the Provider receives payment of an entrance fee for the residence designated under the residency agreement from a replacement resident.

Plan One will refund the amount of the entrance fee in full without interest. The Provider reserves the right to reduce the amount refundable by any amounts remaining due from the resident.

Plan Two will guarantee a refund of twenty percent (20%). The non-refundable portion of the entrance fee is amortized at the rate of 1.33% per month over a period of sixty (60) months. After the period of sixty (60) months, eighty percent (80%) of the entrance fee is amortized and earned by the Provider. The Provider reserves the right to reduce the amount refundable by any amounts remaining due from the resident.

Refund Where Two Residents Execute the Agreement

If one of two residents covered under the agreement remains in the residence after the other resident’s death or relocation from the Provider’s facility, no refund of the entrance fee will be paid until both residents have surrendered the living unit.

MANAGEMENT AND CONTROL

BOARD OF DIRECTORS

Management of the Provider is vested in its Board of Directors (“Board”), which was comprised of the following members as December 31, 2019:

Name and Address	Principal Occupation
Raymond L. Calhoun Brockway, Pennsylvania	Chairman of the Board Guardian Healthcare, LLC
Peter C. Varischetti Brockway, Pennsylvania	Treasurer Guardian Healthcare, LLC
Nicholas D. Varischetti Brockway, Pennsylvania	Attorney Burns and White, LLC

OFFICERS

As of December 31, 2019, the following officers were appointed and serving in accordance with the Provider’s by-laws:

Name	Title
Raymond L. Calhoun	Chairman of the Board
Barmak Akbar-Khanzadeh	President/CEO
Nicholas D. Varischetti	Vice-President
Peter C. Varischetti	Treasurer
Michael J. Herald	Secretary

CORPORATE RECORDS

ARTICLES OF INCORPORATION

No amendments were made to the Articles of Incorporation during the period of examination.

BY-LAWS

No amendments were made to the By-Laws during the period of examination.

During the review of the Provider’s By-Laws it was found that the Regular Annual Meeting of the Shareholders was not held in January as required by the Provider's By-Laws, Article II Meetings of Shareholders, Section 2.02 Time of Meetings, item (a) Regular Meetings.

It is recommended that the Provider comply with its own By-Laws by having the Regular Annual Meeting of Shareholders in January of each year as required.

ANNUAL DISCLOSURE STATEMENT

The Provider’s 2019 Annual Disclosure Statement was reviewed for compliance with the Act and Regulations, specifically § 151.7 and § 151.9. The Examiner found that the 2019 annual

disclosure statement was not in compliance with all information required by the Act and the Regulations.

During the review of the Disclosure Statement it was found that two of the Entrance Fee options utilized by the provider are too low and do not meet the definition of an entrance fee for a CCRC in accordance with 40 P.S. §3203 Definitions "Entrance fee".

It is recommended that the Provider amend the Entrance Fee options shown on the Disclosure Statement to ensure that all options available meet the definition of a CCRC Entrance Fee in accordance with 40 P.S. §3203 Definitions "Entrance fee".

It was found that the Disclosure Statement did not disclose the required information for the Officers, Board members, and owners in accordance with 40 P.S. § 3207 (a)(2).

It is recommended that the Disclosure Statement be amended to disclose the Officers, Board Members, and Owner information required in accordance with 40 P.S. § 3207 (a)(2).

It was found that the Disclosure Statement Section, Board of Directors and Governance, did not identify the required persons (officers, owners, and board members) for the attestation of good character in accordance with 40 P.S. § 3207 (a)(3)(iii)(C)(i)&(ii).

It is recommended that the attestation of good character contained in the Disclosure Statement be amended to specify the officers, owners, and board members, in accordance with 40 P.S. § 3207 (a)(3)(iii)(C)(i)&(ii).

It was found that the Disclosure Statement does not disclose the required Security Deposit information in accordance with 40 P.S. § 3207 (a)(7).

It is recommended that the Disclosure Statement be amended to include a description of all fees required of residents, including the entrance fee and periodic charges, if any in accordance with 40 P.S. § 3207 (a)(7).

It was found that the Disclosure Statement Summary did not contain the exceptions to the Minimum Age for admission in accordance with 31 Pa. Code § 151.7 (c)(5).

It is recommended that Disclosure Statement Summary item 5, Age Requirements, be amended to disclose all of the information regarding the minimum age for admission in accordance with 31 Pa. Code § 151.7 (c)(5).

It was found that the Disclosure Statement Summary did not disclose the types of resident units available such as high-rise apartments, single level buildings, two-story townhouses, and the like in accordance with 31 Pa. Code § 151.7 (c)(4)(iii).

It is recommended that the Disclosure Statement Summary be amended to disclose the types of resident units available such as high-rise apartments, single level buildings, two-story townhouses, and the like in accordance with 31 Pa. Code § 151.7 (c)(4)(iii).

It was found that the Disclosure Statement Summary does not accurately present the breakdown by resident type, or the total resident population in accordance with 31 Pa. Code § 151.7 (c)(7).

It is recommended that the Disclosure Statement Summary be amended to accurately state the total resident population, and breakdown by resident type in accordance with 31 Pa. Code § 151.7 (c)(7).

It was found that the Disclosure Statement Summary sample pricing, did not disclose the fees charged to residents based upon occupancy of a one-bedroom unit by two persons, including entrance and periodic fees in accordance with 31 Pa. Code § 151.7 (c)(8).

It is recommended that the Disclosure Statement Summary sample pricing be amended to disclose the fees charged to residents based upon occupancy of a one bedroom unit by one person, and by two persons, including entrance and periodic fees in accordance with 31 Pa. Code § 151.7 (c)(8).

It was found that the Provider did not file Biographical Affidavits with the Department for the corporate officers, the members of the Board of Directors, and key management individuals in accordance with 31 Pa. Code § 151.7 (e)(1).

It is recommended that the Provider file the required Biographical Affidavits in accordance with 31 Pa. Code § 151.7 (e)(1).

RESIDENT AGREEMENT

The Provider's 2019 Resident Agreement was reviewed for compliance with the Act, 40 P.S. § 3214, and the Regulations, specifically § 151.8 and § 151.9. The 2019 Resident Agreement was not in compliance with all information required by the Act and the Regulations.

It was found that the Residency Agreements do not have an Index/Table of Contents, do not contain a section of Definitions of Words and Phrases, the agreement pages are not numbered, and some agreements were missing exhibits. In accordance with 40 P.S. § 3214 (a) Each agreement executed on or after the adoption of Act 82 shall be written in nontechnical language easily understood by a lay person.

It is recommended that the Residency Agreement contain an Index/Table of Contents, a section of Definitions of Words and Phrases, pages that are numbered and correspond to the Index, and attach all related Exhibits in accordance with 40 P.S. § 3214 (a).

It was found that the Residency Agreement does not contain a section/provision for the required Security Deposit in accordance with 40 P.S. § 3214 (a)(1).

It is recommended that the Residency Agreement be amended to contain a section/provision for the required Security Deposit in accordance with 40 P.S. § 3214 (a)(1).

It was found that a Residency Agreement contained signatures that were not witnessed in accordance with 31 Pa. Code §151.8 (b).

It is recommended that all Residency Agreements be fully executed and witnessed in accordance with 31 Pa. Code §151.8 (b).

It was found that the Residency Agreement did not contain the provision whereby the provider agrees that the resident shall not be liable to a health care provider for services rendered under a resident's agreement in accordance with 31 Pa. Code § 151.8(d).

It is recommended that the Resident Agreement be amended to include the resident not liable provision required in accordance with 31 Pa. Code § 151.8(d).

PENDING LITIGATION

There were pending and potential legal actions known which could have a materially adverse effect on the Provider's financial condition as of the examination date. Due to the Provider Group and related parties being investigated by The Office of the Attorney General of Pennsylvania, and by the United States Department of Health and Human Services Office of the Inspector General, there were pending settlements payable in the aggregate amounts of \$1,012,000 and approximately \$16,000,000 respectively. Subsequently, the settlements were paid in full during the year ended December 31, 2020.

For Informational Purposes Only

FINANCIAL STATEMENTS

The financial condition of the Provider, as of December 31, 2019, and the results of its operations for the last two years under examination, are reflected in the following statements:

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

The financial information of the Provider that is presented in the following financial statements was obtained from the audited combined financial statements of Guardian Elder Care – The Guardian CCRC Group as of December 31, 2019. There were no changes made to the financial statements as a result of this examination.

For Informational Purposes Only

Comparative Statement Balance Sheet
For the Years Ended December 31,

Assets	2019	2018
Current Assets		
Cash	\$ 14,634	\$ 11,789
Funds held for residents	21,770	22,620
Patient accounts receivable	975,464	1,074,037
Prepaid expenses and other assets	272,527	280,225
Total current assets	1,284,395	1,388,671
Property and Equipment	616,223	661,733
Other Assets		
Statutory liquid reserve	100,000	100,000
Goodwill, net	4,903,133	5,447,925
Other	-	100
Total other assets	5,003,133	5,548,025
Total assets	\$ 6,903,751	\$ 7,598,429
Liabilities and Shareholders' and Members' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 228,176	\$ 175,184
Accrued payroll and related liabilities	261,870	262,947
Due to affiliates	1,669,246	13
Security deposits	42,549	34,347
Funds held for residents	21,770	22,620
Settlements payable	93,826	69,836
Other	467	23,062
Total current liabilities	2,317,904	588,009
Other Liabilities		
Deferred leases	209,734	17,459
Advance fees	584,295	755,864
Total other liabilities	794,029	773,323
Total liabilities	3,111,933	1,361,332
Shareholders' and Members' Equity (Deficit)		
Common stock	5,000	5,000
Paid-in capital and Members' capital	5,365,919	5,365,919
Retained earnings (accumulated deficit) and members' equity (deficit)	(1,579,101)	866,178
Total shareholders' and members' equity (deficit)	3,791,818	6,237,097
Total liabilities and shareholders' and members' equity (deficit)	\$ 6,903,751	\$ 7,598,429

**Comparative Statement of Operations
For the Years Ended December 31,**

	<u>2019</u>	<u>2018</u>
Patient Service Revenue	\$ 9,278,604	\$ 9,798,555
Other Revenue	3,593	12,682
Total operating revenue	<u>9,282,197</u>	<u>9,811,237</u>
 Operating Expenses		
Salaries and wages	3,955,791	3,716,134
Payroll taxes	319,279	318,166
Employee benefits	551,095	583,039
Supplies and expenses	3,508,783	3,382,657
Repairs and maintenance	101,194	58,085
Advertising and marketing	45,968	38,354
Provision for uncollectible accounts	-	78,948
Insurance	167,396	130,232
Real estate taxes	115,991	114,544
Total operating expenses	<u>8,765,497</u>	<u>8,420,159</u>
 Income (Loss) from Operations Before Depreciation, Amortization, Rent and Interest	 <u>516,700</u>	 <u>1,391,078</u>
 Other Expenses		
Depreciation and amortization	654,665	106,858
Rent	2,278,172	2,052,482
Interest	64,477	
Total other expenses	<u>2,997,314</u>	<u>2,159,340</u>
 Income (Loss) Before Nonoperating Gains and Losses	 (2,480,614)	 (768,262)
 Nonoperating Gains (Losses)	 <u>35,435</u>	 <u>36,925</u>
 Net Income (Loss)	 <u>\$ (2,445,179)</u>	 <u>\$ (731,337)</u>

**Comparative Statement of Cash Flows
For the Years Ended December 31,**

	2019	2018
Operating Activities		
Net income (loss)	\$ (2,445,179)	\$ (731,337)
Items not requiring (providing) cash		
net cash provided by (used in) operating activities:		
Depreciation	109,873	106,858
Amortization	544,792	-
Amortization of deferred revenue (advance fees)	(31,569)	(31,999)
Straight-line rent	192,275	17,459
Change in		
Patient Accounts receivable	98,573	18,245
Due to and from affiliates	1,669,233	(4,370,147)
Prepaid expenses and other assets	7,798	5,021
Accounts payable	52,992	(14,714)
Accrued expenses and other	8,520	63,588
Funds held for residents	(850)	(7,886)
Net cash provided by (used in) operating activities	206,458	(4,944,912)
Investing Activities		
Payments for acquisition of property and equipment	(64,363)	(84,537)
Net Cash Provided by (used in) investing activities	(64,363)	(84,537)
Financing Activities		
Net payments to and borrowing from affiliates	(100)	-
Proceeds from refundable advance fees	-	-
Refunds of advance fees	(140,000)	(290,000)
Contributed capital	-	5,365,919
Net cash provided by (used in) financing activities	(140,100)	5,075,919
Increase (Decrease) in Cash and Restricted Cash	1,995	46,470
Cash and Restricted Cash, Beginning of Year	134,409	87,939
Cash and Restricted Cash, End of Year	\$ 136,404	\$ 134,409

NOTES TO FINANCIAL STATEMENTS

STATUTORY MINIMUM LIQUID RESERVE

\$100,000

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 \$0 and the value of (2) is \$43,614. As of December 31, 2019, the Provider had established and reported a reserve of \$100,000 for this purpose. The Provider's current assets meet this requirement.

ESCROW ACCOUNT REQUIREMENTS

The Provider has established an escrow account as required by 40 P.S. § 3212. The Provider did not hold any resident deposits in the account as of December 31, 2019.

SUBSEQUENT EVENTS

The Group became a party to a lease financing arrangement with related parties to collectively obtain up to \$9,500,000 in funding for planned capital improvements and equipment purchases. The Group will be considered co-lessees and will be liable for lease obligations entered into specific to the Group. The funding of the lease line has been suspended due to the effects of the COVID-19 coronavirus and will be reevaluated in future months. The agreement term is 36 months at a variable rate beginning at 2.79 percent, subject to changes in the 36-month U.S. Treasury note. Monthly payments will vary according to amounts drawn.

On or about December 2018, Guardian Healthcare ("Guardian") underwent a corporate reorganization which involved a redistribution with respect to ten CCRCs within Guardian's corporate structure. The Provider was one of those ten CCRCs. The Department was not notified of the corporate reorganization within 30 days, as required under 31 Pa. Code § 151.6(b)(2).

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Group. The Group has experienced declines in census as a result of reduced admissions. In addition, skilled nursing and assisted living facilities are incurring additional operating costs as a result of increased regulations to try and reduce patients' exposure to the virus. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Group has elected to defer applicable payroll taxes

from March 27, 2020, through December 31, 2020. The Group currently estimate the deferred amount to be approximately \$1,620,000. The deferred amount will be accrued when earned and will be due in two equal installments on December 31, 2021 and December 31, 2022. The CARES Act also contains provisions expanding the Medicare Accelerated and Advanced Payment Program. This is a short-term advance payment that will have to be paid back on terms that are set by the regulations. The Group is participating in this program and has received advanced payments of \$920,720. They will continue to submit claims as usual after receiving the advanced payment; however, 120 calendar days after the lump-sum accelerated payment is received, the Medicare Administrative Contractor will recoup 100 percent of any future Medicare remittance payments to satisfy the accelerated payment received by the Group. The CARES Act also provided relief funds directly to health care providers to support healthcare related expenses or lost revenues as a result of the coronavirus response. The Group has received relief funds estimated at \$2,601,033.

Effective October 20, 2020, the Provider entered into a Management Agreement, with Guardian Elder Care, LLC.

Effective December 31, 2020, The Provider converted from a corporation to an LLC.

RECOMMENDATIONS

PRIOR EXAMINATION

The prior examination report contained six recommendations as follows:

1. It is recommended that the Provider comply with 31 Pa. Code § 151.7(e) to file biographical affidavits of managing or general partners, administrators or trustees and managers which affect the management of a facility.

The Provider has complied with this recommendation. A biographical affidavit was submitted to the Department for Brian P. Rendos on June 25, 2019.

2. It is recommended that the Provider comply with 40 P.S. § 3207 (a)(3)(iii)(B) and update their Annual Disclosure Statement to include the name and address of any professional service, firm, association, trust, partnership or corporation in which such person has, or which has in such person, a 10% or greater interest and which it is presently intended will or may provide goods, leases or services to the facility of a value of \$500 or more, within any year.

The Provider has complied with this recommendation.

3. It is recommended that the Provider comply with 40 P.S. § 3214 (a)(5) and update their Residents Agreement to include the circumstances under which the resident will be permitted to remain in the facility in the event of financial difficulties of the resident.

The Provider has complied with this recommendation.

4. It is recommended that the Provider refund the correct amount to terminated residents who chose the plan two with their agreement.

The Provider has complied with this recommendation by implementing protocols to the refund process. The facility will request the refund and the Accounting Department at the Home Office will verify the calculation according to the record on the balance sheet to ensure the accuracy of the refund requested.

5. It is recommended that the Provider comply with 40 P.S. § 3215 (a) & (b) and organize resident council meetings to be held on a quarterly basis. The Provider shall document the meeting minutes by keeping written records.

The Provider has complied with this recommendation.

6. It is recommended the Provider maintain liquid reserves in the minimum amount required by the Act, 40 P.S. § 3209. This reserve must be computed annually and reported on the balance sheet as restricted liquid assets.

The Provider has complied with this recommendation.

CURRENT EXAMINATION

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

1. *It is recommended that the Provider comply with its own By-Laws by having the Regular Annual Meeting of Shareholders in January of each year as required.* (See "By-Laws," page 5).
2. *It is recommended that the Provider amend the Entrance Fee options shown on the Disclosure Statement to ensure that all options available meet the definition of a CCRC Entrance Fee in accordance with 40 P.S. §3203 Definitions "Entrance fee".* (See "Annual Disclosure Statement," page 5).
3. *It is recommended that the Disclosure Statement be amended to disclose the Officers, Board Members, and Owner information required in accordance with 40 P.S. § 3207 (a)(2).* (See "Annual Disclosure Statement," page 5).
4. *It is recommended that the attestation of good character contained in the Disclosure Statement be amended to specify the officers, owners, and board members, in accordance with 40 P.S. § 3207 (a)(3)(iii)(C)(i)&(ii).* (See "Annual Disclosure Statement," page 5).
5. *It is recommended that the Disclosure Statement be amended to include a description of all fees required of residents, including the entrance fee and periodic charges, if any in accordance with 40 P.S. § 3207 (a)(7).* (See "Annual Disclosure Statement," page 5).
6. *It is recommended that Disclosure Statement Summary item 5, Age Requirements, be amended to disclose all of the information regarding the minimum age for admission in accordance with 31 Pa. Code § 151.7 (c)(5).* (See "Annual Disclosure Statement," page 5).
7. *It is recommended that the Disclosure Statement Summary be amended to disclose the types of resident units available such as high-rise apartments, single level buildings,*

- two-story townhouses, and the like in accordance with 31 Pa. Code § 151.7 (c)(4)(iii).*
(See “Annual Disclosure Statement,” page 5).
8. *It is recommended that the Disclosure Statement Summary be amended to accurately state the total resident population, and breakdown by resident type in accordance with 31 Pa. Code § 151.7 (c)(7).* (See “Annual Disclosure Statement,” page 5).
 9. *It is recommended that the Disclosure Statement Summary sample pricing be amended to disclose the fees charged to residents based upon occupancy of a one bedroom unit by one person, and by two persons, including entrance and periodic fees in accordance with 31 Pa. Code § 151.7 (c)(8).* (See “Annual Disclosure Statement,” page 5).
 10. *It is recommended that the Provider file the required Biographical Affidavits in accordance with 31 Pa. Code § 151.7 (e)(1).*
(See “Annual Disclosure Statement,” page 5).
 11. *It is recommended that the Residency Agreement contain an Index/Table of Contents, a section of Definitions of Words and Phrases, pages that are numbered and correspond to the Index, and attach all related Exhibits in accordance with 40 P.S. § 3214 (a).* (See “Resident Agreement,” page 7).
 12. *It is recommended that the Residency Agreement be amended to contain a section/provision for the required Security Deposit in accordance with 40 P.S. § 3214 (a)(1).* (See “Resident Agreement,” page 7).
 13. *It is recommended that all Residency Agreements be fully executed and witnessed in accordance with 31 Pa. Code §151.8 (b).* (See “Resident Agreement,” page 7).
 14. *It is recommended that the Resident Agreement be amended to include the resident not liable provision required in accordance with 31 Pa. Code § 151.8(d).*
(See “Resident Agreement,” page 7).

CONCLUSION

The examination of Brookline at Mifflintown, Inc., as of December 31, 2019, determined the Provider is not in compliance with all applicable Pennsylvania laws and regulations as pertaining to CCRCs as described in the Current Examination Recommendations section on pages 15 and 16 of this report. It is recommended that another examination of the Provider be performed within the next five-year period.

This examination was conducted by Charles E. Albert, Jr.

Respectfully,

Matthew Milford

Matthew C. Milford, CFE
Director
Bureau of Financial Examinations

April Spevak

April Spevak, CFE
Examination Manager

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