



TOGETHER, TRANSFORMING THE

# Experience of Aging

2018 Annual Report for Kendal at Home

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**KENDAL**® *at Home*  
Together, transforming the experience of aging.™

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# A Letter from the Board Chairman

When I was asked to join Kendal at Home's Board after serving as a Board fellow, I could not turn down the opportunity. Kendal at Home is ahead of its time in providing the care and security older adults and their families desire, all while helping them stay in their homes as they age.

Several things make Kendal at Home stand out above the rest. Being part of a Quaker-related organization, Kendal at Home's mission and values are rooted in personal, compassionate care. This is evident not only through the organization's Executive Director but through all the employees at Kendal at Home. The Care Coordinators at Kendal at Home have deep, familial relationships with members and are integral navigators for fluctuating levels of care and services the members require. Having attended several member functions, I find the strong bond between the Kendal at Home staff and its members to be the delineating factor that makes this organization stand out above all others in this field.

Though I have served as a Board fellow with Kendal at Home, this year is my first year serving as the chairman of Kendal at Home's Board of Directors.

A top priority will be continuing education of Kendal at Home's Board members. The Board has three new members and two second-year members, and I would like to continue our education on how we can provide a better framework for our work, as well as more defined rules of engagement. In addition, we will improve our knowledge and appreciation of Kendal at Home's competitive landscape and marketplace.

As a result of rising long-term care costs, a desire by people to remain in their own homes as they age, and to relieve the burden of care from family and friends, more and more older adults will be seeking a model like the one Kendal at Home provides. And like so many other businesses and services, the elderly care sector is beginning to shift from a brick and mortar model to a more nimble, virtual model that fits the ever-changing needs of its clients. Kendal at Home has become the benchmark by which these services are structured. We are poised with strong leadership, great brand recognition and strong support from The Kendal Corporation with which to grow strong adjacent relationships.



Gratefully,

Michael Carlin, Board Chair  
Board of Directors

# A Letter from the Executive Director

2017 has been a transformative year for Kendal at Home. We have grown and are now standing on our own two feet. We officially declared our independence from Kendal at Oberlin and operate as a fully independent affiliate of The Kendal Corporation. In order to do this, we spent much of 2017 focusing on strengthening the operations of the organization.

When Kendal at Home began, we shared several services with Kendal at Oberlin. Now, we have eliminated the need to depend upon Kendal at Oberlin for those services, and we have established our own financial operations and strengthened our internal risk management plans.

We have also implemented several improvements to organizational efficiency, including clinical documentation and operations systems that allow staff members to access information anywhere at any time. This enables us to easily access critical member information while providing 24-hour on-call services for Kendal at Home members.

Our staff members have continued to become certified in and learn the latest techniques for cognitive health screening and health and wellness to help our members continue to live their best lives. Clinical staff are now credentialed and have received advanced training to administer the Montreal Cognitive Assessment (MoCA), which tests for mild cognitive impairment, to members annually and to potential members upon request. We also continue our work and partnership with leading dementia expert Jennifer Brush.

Kendal at Home has continued to expand throughout Ohio, offering programs in central and southern areas of the state. In addition, we are working to expand the Kendal at Home program outside of Ohio, as well as creating partnerships with other Kendal communities, and are currently developing a partnership with Kendal at Granville for those residents who may also be interested in becoming members of Kendal at Home.

The work of our staff and Board to establish a strong entity while encouraging growth has helped Kendal at Home get to where it is today and allows it to continually improve and reach new markets. The future looks very bright.



Gratefully,

Lynne Giacobbe, Executive Director  
Kendal at Home

A full-page photograph of a middle-aged couple walking towards the camera on a stone-paved path. The woman is on the left, wearing a light-colored polo shirt, white trousers, and a brown shoulder bag. The man is on the right, wearing a light blue button-down shirt, khaki shorts, sunglasses, and holding a coffee cup. They are walking under a wooden trellis structure supported by stone pillars. The background is filled with lush green trees and foliage, with sunlight filtering through the leaves, creating a bright and warm atmosphere.

LIVE HOW YOU WANT

# On Your Own Terms

WHO WE ARE

# Values & Mission

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Kendal at Home is a Life Care at Home Program headquartered in Westlake, Ohio, that empowers older adults to live the life they want, on their terms, while providing the safety and security they and their families desire. Founded on Quaker values, our mission is to help older adults remain part of their vibrant, diverse, caring communities while providing options to promote independence, continuous learning, social relationships and excellence in healthcare.

WHAT MAKES US UNIQUE

# Our Life Plan/Care Coordination Team

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Kendal at Home's Life Plan/Care Coordination team gives members and their families peace of mind. The team removes the burden of care from family members or friends, provides health and wellness assistance and will be an advocate if a member needs care from a hospital or nursing facility. Kendal at Home's Life Plan/Care Coordination team is composed of professionals with diverse backgrounds in healthcare, including nursing and gerontology. Some of their credentials include:

- Extensive training through the Ohio Senior Health Insurance Information Program
- Nursing
- Master's degree in applied gerontology
- Trained in St. John neuromuscular therapy techniques, which help relieve chronic pain
- Master's degree in gerontological studies

But the team goes above and beyond simply ensuring members remain healthy and independent. Each life Life Plan/Care Coordinator develops close relationships with the members they work with. This allows the life Life Plan/Care Coordinator to understand a member's current needs as well as support them as those needs change throughout the aging process.



A SUPPORT TEAM THAT  
**Gives Peace  
of Mind**

## WHAT WE DO

# Program Services

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Kendal at Home is nationally recognized in the field and is continuously working to be a national model for the care of older adults. Over the past year, Kendal at Home:

- Earned staff certifications in universal design, a program designed to help make the homes of older adults safe and accessible for everyone.
- Launched a members-only site where members can easily access the resources and handbooks they need online while staying up-to-date on member events.
- Continued and expanded its dementia work with leading dementia care expert Jennifer Brush. This work ensures older adults with dementia can safely remain in their homes with supportive memory care environments.
- Continued its expansion around Ohio, adding members in central and southern Ohio.

Kendal at Home offers a variety of programs and services to fit your needs and help you live your best life on your terms. As a member, you'll receive a Life Plan/Care Coordination team who will work with you to develop a plan to meet your needs throughout your life.

## General Description of Kendal at Home

Kendal at Home seeks to transform the experience of aging by helping you remain part of your community and stay in your home as you age. Kendal at Home's unique Life Plan/Care Coordination at home program empowers you to live the life you want, on your terms, while providing the safety and security you and your family desire.

## Services provided may include:

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### A Professional Life Plan/ Care Coordinator

Together you'll build a life plan that supports and maintains your lifestyle and evolves with you as your needs change.



### Nutritional Support/Meals

Prepared meals can be delivered, or a caregiver can cook meals when needed.



### Home Health Aide Services

Aides may provide assistance with bathing and dressing, feeding assistance, light housekeeping, etc., if needed.



### Emergency Response System

You'll receive a new, patented GPS technology that allows you to speak directly to a certified response agent with the touch of a button.



### Transportation Services

These services provide transportation to and from medically necessary outpatient surgery or short procedures.



### In-home Functional Assessment

During your membership, you'll periodically receive an assessment of your functioning and safety within your home. Recommendations for appropriate adaptations will be made, if necessary.



### Healthy Living for Healthy Aging

We also offer members Healthy Living for Healthy Aging days. These days focus on a health topic and feature experts and information on how to remain healthy and happy. In addition, we offer other member social events like an annual clambake and picnic.



## When one Kendal at Home member was near the end of her life, her family wanted to ensure she had the care she needed.

Like most families, this member's family wanted to make sure she was free of pain and could pass with dignity. They worried that they may be unable to return to Northeast Ohio where she lived alone, in time. That's when the member's Life Plan /Care Coordinator stepped in. The member's Life Plan/Care Coordinator had been with this member throughout her time with Kendal at Home and knew her end of life wishes as well as how important family was to her. During her final days, her Life Plan/Care Coordinator visited and read her letters from her family, while ensuring she was comfortable and care for. The peaceful environment created for her by her Life Plan/Care Coordinator allowed this member to pass on in the way she and her family wanted.

The member's life Life Plan/Care Coordinator had been with this member throughout her time with Kendal at Home and knew her end of life wishes as well as how important family was to her.

During her final days, her life Life Plan/Care Coordinator kept her company and read her letters from her family, while ensuring she was comfortable. The peaceful environment created for her by her care coordinator allowed this member to pass on in the way she and her family wanted.

## Tax Status

Kendal at Home is exempt from the payment of federal, state and local income taxes under section 501(c)(3) of the U.S. Internal Revenue Code.

## Affiliation

Kendal at Home is an independent affiliate of The Kendal Corporation, a Pennsylvania not-for-profit organization that leads a system of communities and services for seniors, through bylaw requirements. The Kendal Corporation must approve the election of Board members of Kendal at Home and any amendments to the Bylaws or Articles of Incorporation. The affiliation agreement calls for a monthly system fee for management oversight, support services and reserve funds. The reserve funds include a Contingency Reserve, Working Capital, and System Growth Fund. The Contingency Reserve is intended to be available for operating Affiliates in unusual situations.



LIVE PEACEFULLY &  
**Comfortably**



## Kendal at Home Members and Staff Learn About Universal Design, Receive Certifications

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In the summer of 1998, Rosemarie Rosetti experienced the unthinkable. While on a bike ride with her husband, a 3.5 ton tree fell on her, paralyzing her from the waist down. Rosemarie and her husband made substantial changes to their home to allow Rosemarie to remain independent. Now, she and her husband use their home—dubbed the Universal Design Living Laboratory (UDLL)— as an example to help people “better understand how to create a more comfortable living environment that will enhance their quality of life”.

And this year, Kendal at Home members got to experience the UDLL firsthand. Thanks to a grant funded by Kendal Charitable Funds, members traveled to Columbus to view Rosemarie’s home to learn about universal design and how it can improve their homes. The Kendal at Home staff also visited the UDLL to complete a three-day training course presented by the Living in Place Institute. The Living in Place and Universal Design certifications earned by the staff will allow them to use the new skills learned during the course to continue to make the homes of older adults safer places to live.





## First Falls Prevention Program Launched

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Falls are the number one cause of injury related to emergency room visits and hospitalizations each year for older adults in Ohio. To help reduce that statistic, help make older adults' homes safer, and remind older adults that falls are not a normal part of aging, Kendal at Home launched its first falls prevention protocol.

Using guidelines from the Stopping Elderly Accidents, Deaths and Injuries initiative at the Centers for Disease Control and Prevention, the protocol is used by life Life Plan/Care Coordinators to provide new members with an initial fall risk assessment, as well as to create an annual plan of care, which is shared with the member's physician.



## Kendal at Home Members, Staff Participate in 10 Million Steps

In celebration of National Fall Prevention Day in September, and to continue their dedication to falls prevention, the Kendal at Home staff hosted several events encouraging members to participate in the 10 Million Steps program, an initiative of STEADY U Ohio.

## Member Gets Fit, Keeps Cruising with Help From Life Plan/Care Coordinator

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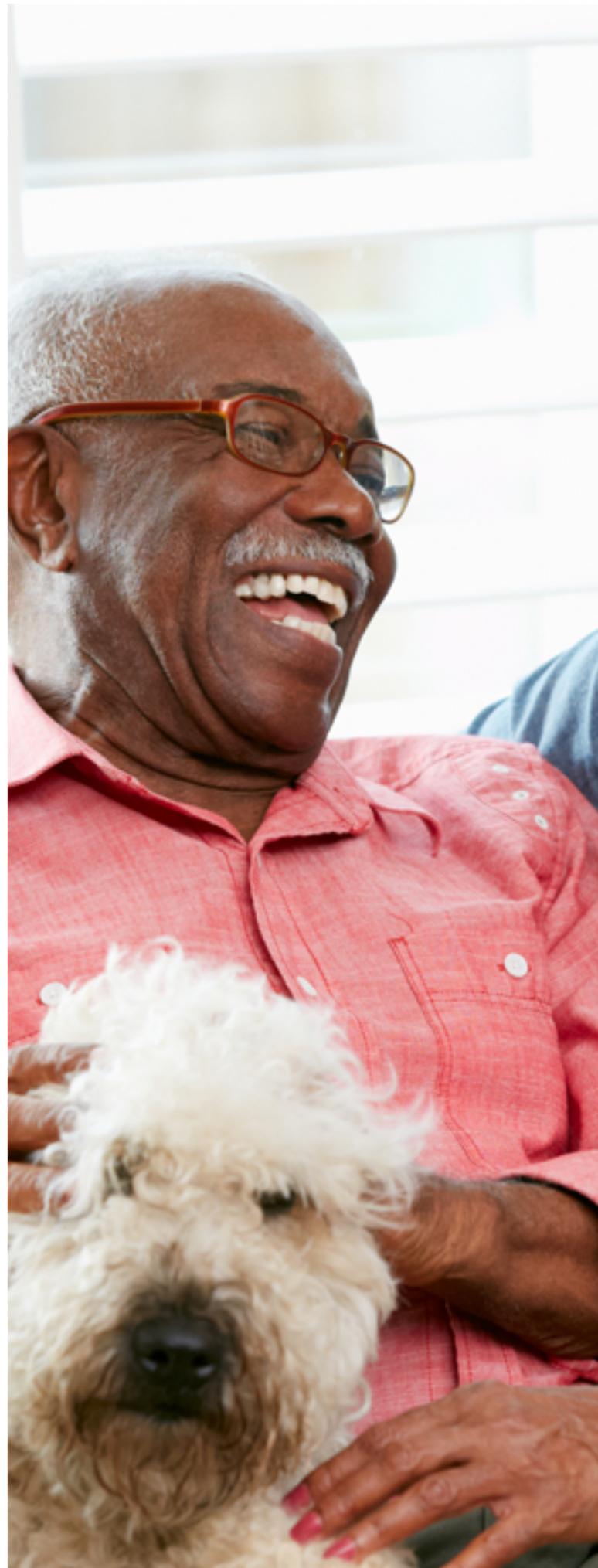
Norma loves nothing more than going on cruises. Not content with the usual week-long excursions, Norma usually spends a month at sea. But after her mother died, she began to notice some health issues.

“I would sit down in the afternoon and start reading and would fall into a very deep sleep and I would sleep for hours,” Norma explained. “It hit me one day, ‘This is exactly what happened to mom.’ This is what she did. She would sleep late in the mornings. Get up, have breakfast and coffee, go back to bed and sleep. Get up for lunch, go back to bed and sleep and I go, ‘Oh, my God, I am too young for this.’”

Propelled to act, Norma contacted her life Life Plan/Care Coordinator for help. Together, the pair worked out a fitness plan that included what Norma wanted to accomplish, what motivated her and what activities she enjoyed. Now, Norma attends six classes per week at her local community center, uses video exercise programs recommended by her life/plan care coordinator and has lost nearly 50 pounds.



“ I was not prepared for all of the support Kendal at Home gives you to keep you healthy in the first place—that the emphasis is not on taking care of you when you need it, but helping you maintain your health and your independence for as long as possible.”





## Work With Dementia Care Expert Makes a Difference for Those with Cognitive Decline

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It wouldn't seem like it, but something as simple as a fleece tie blanket can make a difference in the life of someone experiencing cognitive decline. Kendal at Home caregiver Sally recently took this idea to one of the members she works with and saw firsthand how it brightened her day.

"We made those tie blankets where you get fleece and cut and tie it around the edges. I cut them, and she ties them. I let her go to the store, and I let her pick the materials, so she gets to go and pick the ones she wants. Because she's helping somebody by donating the blanket, she wants to do one every week. It's great to see her get excited over it," Sally says.

Sally learned about this idea through one of Kendal at Home's training sessions with Jennifer Brush, a leading dementia care expert. Jennifer regularly meets with staff and caregivers to conduct training sessions that include the latest care techniques, conducts cognitive assessments and works directly with staff members to help guide care planning for those with cognitive impairment.

## PHILANTHROPY

# Generosity From the Kendal at Home Community

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Each Kendal at Home member brings with them a unique story, but because members are not under one roof like a traditional retirement community, it can be difficult for them to connect with each other.

One Kendal at Home member sought to make member connections easier and made a generous donation to fund the start-up of Le Chat, Kendal at Home's member-created newsletter.

But Le Chat is more than just a newsletter. It's a remote community for members. Though members host member-led initiatives that include bird hikes, travel talks, book clubs, dinner and a movie and more, there are many members who are scattered throughout the country or who have never attended a Kendal at Home event. With Le Chat, members who are unable or who do not wish to attend an event are able to make connections through the sharing of adventures, hobbies and advice, and members who have connections within the Kendal at Home Community are able to learn more about their friends.

The launch of Le Chat began with a group of members in 2008. Since then, members Evan and Deborah Golder have taken the reigns by serving as managing editor and editor to the publication. Evan and Deborah did much more than simply edit copy. The pair traveled to members' homes to take photos for articles, designed and laid out each issue and encouraged members to contribute. Without the Golders' work, for which the Kendal at Home community is grateful, Le Chat would not be the success it is today. Under the Golders' leadership Le Chat has received a DeRose/Hinkhouse Memorial Communicators award of excellence and an award of merit from the Religion Communicators Council.



## Ways to Donate

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In addition to the Life Plan/Care Coordination team, Kendal at Home uses the services of outside caregivers. These caregivers are just as passionate about the care of members as the Life Plan/Care Coordination team. Kendal at Home maintains a caregivers' fund to thank those caregivers who have made a difference to Kendal at Home members.

If a caregiver has made a difference in your life, please consider a donation to Kendal at Home's Caregivers Fund.

Members and others may also contribute to the Member Assistance and Enrichment Fund. The purpose of the contributed funds is to provide financial assistance for members with financial hardships, support needs reflecting priorities in the quality of members' lives, and to provide assistance for staff education.

## WHO WE ARE

# Board of Directors & Executive Director

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The Board of Directors of Kendal at Home is composed of a diverse group of professionals who volunteer their time and expertise to the organization. The Board provides governance and oversight of the program and plays a large part in our strategic planning and growth initiatives.



**Michael Carlin** Board Chair

Michael is the Director of Pharmacy Services within the University Hospitals system. He provides oversight and support to four community based hospital pharmacies within the system, totaling about 600 beds.



**Allen Mix** Board Vice Chair

Allen is an Associate Relationship Manager for Key Private Bank and has more than ten years of experience in the financial services industry.



**William S. Gaskill** Board Treasurer

William is a retired firm administrator for Jones Day. In addition to Kendal at Home, he has served with the MetroHealth System Board of Trustees and United Way Services.



**Patricia Mezinskis** Board Secretary

Patricia is a specialist in gerontological nursing and is a Fellow in the National Gerontological Nursing Association. She has been a nurse for over 45 years.



**Frank Martines** Board Member

Frank is a member of Kendal at Home and has previously served as Director of School Based Management, Curriculum and Instruction, Management Budget and Systems, and General Education in the Cleveland school system.



**Edna Chun** Board Member

Edna is an educational leader and award-winning author with more than two decades of strategic human resource and diversity leadership experience in public higher education.



**Andrew Fauver** Board Member

Andy has more than 20 years of experience in new business development, strategic planning and operations with INSIGHT2PROFIT, Ernst & Young, Capgemini and The Freedonia Group.



**Joseph Haubrich** Board Member

Joseph is a senior professional economist at the Federal Reserve Bank of Cleveland with over 30 years of experience in economics and finance.



**Jennifer Campbell** Board Member

Jenny is a professional advocate for older adults, and for over 35 years has led the evaluation of numerous aging-demonstration programs.



**Timothy Beidleman** Board Member

Timothy is self-employed in commercial real estate investment and previously worked as a technology consultant for Sidley Austin Law Firm and a computer programming professor at Lorain County Community College.



**Lynne Giacobbe** Executive Director

Lynne has served as Kendal at Home's Executive Director since its inception in 2003. Under her leadership, Kendal at Home has become nationally recognized in the field of aging. Her expertise and compassion has helped older adults relieve the burden of care from their family members while ensuring they remain independent. Her work helped to expand Kendal at Home throughout Ohio, helping bring the concept of aging in place to older adults who prefer to spend their retirement years in their own homes.

KENDAL AT HOME

# Financial Statements

YEARS ENDED DECEMBER 31, 2018 AND 2017

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Kendal at Home is dedicated to fiscal responsibility. We aim to exceed industry standards and offer the highest value at a competitive price. We reach this through a strong budget process focusing on efficient staffing, strong planning and care coordination and an active Board of Directors that provide the leadership, vision and strategic direction for the organization.

## **Audited Financial Statements**

Attached are the Audited Balance Sheets as of December 31, 2018 and 2017, and the related Statements of Operations and changes in Net Assets (Deficit) and Cash Flow statements as audited by CliftonLarsonAllen LLP, Kendal at Home's independent certified public accountants.

For financial statement purposes, members' entry fees are recorded as deferred entry fee revenue and are amortized into revenue over the members' life expectancy, based on the level of care they are receiving. This allows Kendal at Home to match the recognition of revenue when the service is provided. The members' entry fees are set up in a reserve for the members' future care needs.

## **Actuarial Compilation Report**

Kendal at Home has an actuarial compilation report completed yearly by Continuing Care Actuaries. The goal of the analysis is to assess the long-term financial condition of Kendal at Home and review its ability to meet its future care needs and deal with adverse experience. The 2018 Report found Kendal at Home to be in an adequate financial condition to meet its obligations with no recommendation to change the underlying assumptions.

**KENDAL AT HOME**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Kendal at Home  
Westlake, Ohio

We have audited the accompanying financial statements of Kendal at Home, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

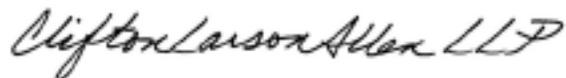
Board of Directors  
Kendal at Home

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kendal at Home as of December 31, 2018 and 2017, and the results of its operations, changes in its net deficit, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, Kendal at Home adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
February 19, 2019

**KENDAL AT HOME  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,073,101	\$ 1,388,867
Accounts Receivable from Members:		
Entry Fees	534,182	279,417
Service Fees	203,162	213,354
Amount Due from Affiliate	-	105
Deposits and Prepaid Expenses	78,224	98,957
Total Current Assets	1,888,669	1,980,700
<b>INVESTMENTS</b>		
Board Designated Investments	3,633,240	3,459,215
Unrestricted Funds	31,002	33,729
Restricted Funds	35,332	38,440
Restricted Funds Member Assistance	11,008	11,977
Total Investments	3,710,582	3,543,361
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold Improvements	14,538	9,383
Furniture and Equipment	263,458	255,189
Total	277,996	264,572
Less: Accumulated Depreciation	(209,413)	(176,937)
Total Property and Equipment	68,583	87,635
<b>OTHER ASSETS</b>		
	22,268	-
Total Assets	\$ 5,690,102	\$ 5,611,696
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 125,763	\$ 200,760
Advance Member Billings	200,061	184,330
Refundable Contract Obligations	1,285,993	875,746
Total Current Liabilities	1,611,817	1,260,836
<b>DEFERRED MEMBER ENTRY FEE REVENUE</b>		
	9,682,770	9,036,729
Total Liabilities	11,294,587	10,297,565
<b>NET ASSETS (DEFICIT)</b>		
Without Donor Restrictions	(5,622,599)	(4,704,832)
With Donor Restrictions	18,114	18,963
Total Net Assets (Deficit)	(5,604,485)	(4,685,869)
Total Liabilities and Net Assets (Deficit)	\$ 5,690,102	\$ 5,611,696

See accompanying Notes to Financial Statements.

**KENDAL AT HOME**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>UNRESTRICTED REVENUE AND OTHER SUPPORT</b>		
Membership Fees:		
Member Revenue	\$ 2,318,822	\$ 1,986,330
Home Care Revenue	592,946	670,271
Application Fees	8,800	10,400
Total Membership Fees	2,920,568	2,667,001
Amortization of Deferred Member Entry Fee Revenue	735,684	832,226
Investment Income	66,775	47,428
Contributions	4,750	4,050
Other Revenue	-	27,690
Net Assets Released from Restrictions Used for Operations	6,599	6,974
Total Unrestricted Revenue and Other Support	3,734,376	3,585,369
<b>EXPENSES</b>		
Member Care	2,181,008	2,155,262
General and Administrative	304,611	369,368
Employee Salaries and Benefits	1,036,457	1,126,647
Marketing and Promotions	398,616	438,026
Rent, Maintenance and Utilities	115,740	111,112
Shared Services	189,539	212,592
Depreciation	32,477	40,188
Total Expenses	4,258,448	4,453,195
<b>LOSS FROM OPERATIONS</b>	(524,072)	(867,826)
<b>OTHER GAINS (LOSSES)</b>		
Realized Gain on Sale of Investments	184,675	134,343
Unrealized Gain (Loss) on Investments	(578,370)	285,978
Total Other Gains (Losses)	(393,695)	420,321
<b>DEFICIT OF REVENUE OVER EXPENSES</b>	(917,767)	(447,505)
(Increase) in Net (Deficit) Without Donor Restrictions	(917,767)	(447,505)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Restricted Contributions - Donor	750	3,405
Restricted Contributions - Member Assistance	-	725
Grant Contributions	5,000	5,000
Net Assets Released from Restriction for Operations	(6,599)	(6,974)
Increase (Decrease) in Net Assets With Donor Restrictions	(849)	2,156
<b>(INCREASE) IN NET ASSETS (DEFICIT)</b>	(918,616)	(445,349)
Net (Deficit) - Beginning of Year	(4,685,869)	(4,240,520)
<b>NET (DEFICIT) - END OF YEAR</b>	\$ (5,604,485)	\$ (4,685,869)

See accompanying Notes to Financial Statements.

**KENDAL AT HOME  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Increase) in Net Deficit	\$ (918,616)	\$ (445,349)
Adjustments to Reconcile (Increase) in Net (Deficit) to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	393,695	(420,321)
Depreciation	32,477	40,188
Amortization of Deferred Member Entry Fee Revenue	(735,684)	(832,226)
Proceeds from Member Entry Fees	1,817,816	2,042,025
(Increase) Decrease in Accounts Receivable and Other Current Assets	(223,735)	151,916
(Increase) Decrease in Other Assets	(22,268)	-
Increase (Decrease) in Accounts Payable and Other Current Liabilities	(59,266)	(35,382)
Decrease in Amount Due to Affiliate	-	(7,094)
Net Cash Provided by Operating Activities	284,419	493,757
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures for Property and Equipment	(13,425)	(5,564)
Increase in Investments	(560,916)	(40,634)
Net Cash Used by Investing Activities	(574,341)	(46,198)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Refunds Relating to Refundable Contract Obligations	(25,844)	(117,843)
Net Cash Used by Financing Activities	(25,844)	(117,843)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(315,766)	329,716
Cash and Cash Equivalents - Beginning of Year	1,388,867	1,059,151
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,073,101	\$ 1,388,867

See accompanying Notes to Financial Statements.

**KENDAL AT HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business**

Kendal at Home (Kendal) is a nonprofit corporation offering continuing care services to older adults in Northern, Central, and Southern Ohio areas. Kendal is responsible for the coordination of delivery of a broad range of services and support in the member's home with the goal of keeping them living independently in their home for as long as feasible and practical, as described in the Continuing Care Agreement. Based on the program selected, the entry fee and monthly fee covers the services described in the Continuing Care Agreement. Members are also assured of a personal relationship with a care coordinator who will assist with the coordination of all long-term care needs as they emerge. The services arranged by the Care Coordination Department could include: licensed nursing care, home health aides, homemaker assistance, companion services, nutritional support, adult day services, transportation assistance, emergency response system, information and referral support, residential care facility, nursing home care, and hospice referral services.

As part of the Kendal agreement, the member is required to maintain a certain level of health insurance. The member's health insurance is considered to be the primary coverage for the skilled services provided in the applicable program selected. The member is responsible for copayments and deductibles associated with the member's insurance coverage on other expenses not covered by the applicable program selected.

In 2018, Kendal at Home closed its Supportive Services division. This division provided private-duty home care operated by Kendal at Home. The caseload and employees were transitioned to our top service provider. These financial statements present the final activities for Supportive Services.

**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 assets and 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.

**Deficit of Revenue Over Expenses**

The statements of operations and changes in net assets (deficit) include deficit of revenue over expenses. Changes in net assets (deficit) without donor restrictions, which are excluded from the deficit of revenue over expenses, consistent with industry practice, include contributions of restricted assets. Management has prepared financial projections that include estimated program revenues and costs along with corresponding pricing which is evaluated annually by an independent actuary, and currently anticipates an adequate cash flow to support ongoing operations and current geographic expansions.

**KENDAL AT HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Revenues and Deferred Member Entry Fee Revenue**

New members pay a one-time member entry fee and a monthly fee for their future health care needs. The amount of the one-time member entry fee and the monthly service fee depend on the type of program selected, subject to periodic fee adjustments. Member entry and service fees receivable at December 31, 2018 and 2017 were primarily collected subsequent to year-end. Management estimates an allowance for collections of \$5,000 as of December 31, 2018 and 2017 based upon its review of accounts and an assessment of Kendal's historical experience of collections.

For financial statement purposes, member entry fees are recorded as deferred entry fee revenue and are amortized into revenue over the member's life expectancy based on the level of care they are receiving. This allows Kendal to match the recognition of revenue when the service is provided.

Home care revenue is earned when a member receives services in excess of the applicable program selected and the corresponding daily capitated rate. Also included in home care revenue are reimbursements from long-term care policies held by the members.

**Contractual Refund Obligations**

Member entry fees are fully refundable for a 90-day adjustment period under the standard contract option. After the 90-day adjustment period, the entry fee becomes nonrefundable at a rate of 2% to 4% per month, subject to the level of care received, effective from the date the contract is signed. After the adjustment period, no refund of any portion of the membership fee under the standard contract will be paid upon death. Kendal also offers refundable contract options. If selected by the member upon entry into the program, the member pays an adjusted one-time member entry fee that factors in the refundable option. At December 31, 2018 and 2017, the contractually refundable portion of deferred member entry fee revenue amounted to \$4,742,039 and \$3,562,264 respectively. At December 31, 2018 and 2017, the portion subject to the 90% and 50% refundable contracts amounted to \$1,285,993 and \$875,746, respectively.

**Obligation to Provide Future Services**

Kendal, with the assistance of an independent actuary, calculates the estimated present value of the net cost of future services to be provided to current members and compares that amount with the balance of deferred revenue from entry fees. Kendal annually adjusts its monthly service fees to reflect increases in cost for the member's future care needs. At December 31, 2018 and 2017, the estimated present value of the net cost of future services did not exceed the recorded deferred revenue from entry fees and, accordingly, no future service obligation is required to be recorded.

**Marketing Costs**

Kendal incurs marketing costs, with the promotion of the program, that are expensed as incurred.

**KENDAL AT HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Concentration of Credit Risk**

Concentration of credit risk relating to accounts receivable is limited due to the diversity and number of clients/members and payors. Accounts receivable consist of amounts due from private pay clients/members.

**Fair Value of Financial Instruments**

Accounting standards provide a framework for measuring fair value, disclosure about fair value measurements, and establishes a three-level hierarchy for disclosure to show the extent and level of judgment used to estimate fair value measurement.

*Level 1* – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

*Level 2* – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets, and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

*Level 3* – Uses inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Kendal's method of valuation for investments is based upon observable inputs that reflect unadjusted quoted prices that are available in active markets and are deemed to be Level 1.

**Cash and Cash Equivalents**

Kendal considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents, excluding cash and temporary investments included in the investment portfolio. Kendal maintains cash at various financial institutions which, at times, may exceed federally insured amounts and may significantly exceed balance sheet amounts due to outstanding checks.

**KENDAL AT HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**Investments**

The board of directors has approved an investment policy related to the long-term goals, asset allocation, and guidelines for security selection, measurable objectives, and ongoing communication for Kendal's investments. The investment policy allows asset allocations to be primarily invested in mutual funds and separately managed accounts.

Investments in mutual funds and separately managed accounts with readily determinable fair values are measured at fair value in the balance sheet. Investment income (interest and dividends) is included in income (loss) from operations unless the income or loss is restricted by law or donor. Realized and unrealized gains and losses on investments are included in the deficit of revenue over expenses.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives (ranging from 3 to 12 years) of the related assets by the straight-line method. Depreciation expense was \$32,477 and \$40,188 for the years ended December 31, 2018 and 2017, respectively.

Costs of maintenance and repairs are charged to expense as incurred. Additions and major renewals greater than \$1,000 are capitalized in the year placed in service.

**Income Taxes**

Kendal has been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes.

Kendal follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions, if any. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard had no impact on Kendal's financial statements.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are used to differentiate resources, the use of which is restricted by donors, from unrestricted resources on which donors place no restriction or that arise as a result of the operations of Kendal for its stated purpose. Funds restricted for specific operating purposes are reflected in net assets released from donor restriction used for operations and/or capital to the extent used within the period. Investment income, including realized earnings on investments of net assets with donor restriction, is included in unrestricted revenue and other support unless restricted by donors. Contributions with donor restrictions, which are designated for member activities and member assistance, are recorded as additions to net assets with donor restrictions.

**KENDAL AT HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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

**New Accounting Standard – ASU No. 2016-14**

During the year ended December 31, 2018, Kendal adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets (deficit).

The adoption of the standard was retrospectively applied to the financial statements ended December 31, 2017 in order to provide a comparative presentation of Kendal's balance sheets, statements of operations and changes in net assets (deficit), net assets with donor restrictions in Note 6 and functional expenses in Note 8.

**New Accounting Standard – Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for Kendal for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on Kendal's financial statements.

**New Accounting Standard – Leases**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Kendal's leasing activities. Kendal will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2019. Kendal is evaluating the impact of adoption of ASU No. 2016-02 on its financial statements.

**Reclassifications**

Certain items in the 2017 financial statements have been reclassified to conform to the 2018 financial statement presentation. The reclassifications have no effect on the results of operations or the change in net assets (deficit).

**KENDAL AT HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

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

**Subsequent Events**

In preparing these financial statements, Kendal has evaluated events and transactions for potential recognition or disclosure through February 19, 2019, the date the financial statements were available for issuance.

**NOTE 2 LIQUIDITY**

Kendal regularly monitors the availability of resources required to meet its operating need 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, Kendal considers all expenses related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities.

As of December 31, 2018, financial assets available for general expenditures within one year are as follows:

	<u>2018</u>
Financial Assets as of Year-End:	
Cash and Cash Equivalents	\$ 1,073,101
Accounts Receivable	203,162
Member Fee Receivable	534,182
Investments, Unrestricted	31,002
Assets Limited as to Use	
Investments, Board Designated	3,633,240
Donor Restricted Funds	<u>46,340</u>
Total Financial Assets	<u>5,521,027</u>
Less Amounts not Available to be Used Within One Year:	
Investments, Board Designated	(3,633,240)
Donor Restricted Funds	<u>(46,340)</u>
Total Financial Assets not Available to be Used Within One Year	<u>(3,679,580)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 1,841,447</u></u>

Kendal at Home has certain board designated assets are designated for future capital expenditures and an operating reserve. These assets limited to use are not available for general expenditure within the next year thus are deducted in the calculation above. However, the board-designated amounts could be made available for liquidity needs, if necessary.

**KENDAL AT HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 3 RELATED PARTY TRANSACTIONS**

On June 6, 2016 Kendal at Home entered into an Affiliation Agreement with The Kendal Corporation of Kennett Square, Pennsylvania. Kendal at Home was previously affiliated with Kendal Northern Ohio, a supporting organization of Kendal at Home, Kendal Community Outreach of Northern Ohio, and Kendal at Oberlin. This affiliation was dissolved when the Affiliation Agreement with The Kendal Corporation was executed.

Under the terms of the Affiliation Agreement, The Kendal Corporation has certain reserve powers which include approval of any change in purpose, incurring indebtedness over a certain threshold, the manner in which the Kendal name is used, material changes in contracts with members, certain real estate transactions, dissolution, acquisition, merger or change in control of the corporation, selection of new board members, amendment to certain sections of the bylaws and Articles of Incorporation of Kendal at Home. The Kendal Corporation also has the right to review the operation, strategic and other plans, projections, and performance and may request, or require, changes if it deems them necessary. The bylaws also specify that the two organizations shall have certain board members in common, and that the president of The Kendal Corporation, or his/her designee, is entitled to attend the board meetings, ex officio.

The Kendal Corporation does not own its affiliates or any of their assets. The Kendal System uses a federal-type model that seeks to obtain the better of two worlds: sensitivity to local circumstances with most decision making at a local level, plus the opportunity to benefit from being part of a larger system. Oversight of each Kendal organization is provided by a local volunteer board of directors, and members and community members serve together on those boards. The Kendal Corporation also maintains reserve funds, which are available according to the purpose of each fund, solely at the discretion of The Kendal Corporation board of directors; these funds include a Contingency Reserve, and a System Growth Fund.

Kendal at Home pays a system fee to The Kendal Corporation as defined in the Affiliation Agreement. Total system fees of \$187,581 and \$188,652 were incurred for the years ended December 31, 2018 and 2017, respectively.

Kendal at Home has a continuing Shared Services Agreement with Kendal at Oberlin for certain operational support services. Kendal at Home is billed hourly fees by Kendal at Oberlin for human resource, benefits, and information technology services provided. During the year, Kendal at Home assumed the human resource and benefits functions so the primary fees in 2018 related to information technology support. Total services fees of \$1,958 and \$23,940 were incurred for the years ended December 31, 2018 and 2017, respectively. There was an amount due from (to) Kendal at Oberlin of \$0 and \$105 at December 31, 2018 and 2017, respectively.

**KENDAL AT HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 4 INVESTMENTS**

Investments are summarized as follows at December 31:

	2018		2017	
	Market Value	Cost	Market Value	Cost
Cash and Short-Term Investments	\$ 100,676	\$ 99,657	\$ 41,739	\$ 41,739
Equity Investments	2,397,940	2,465,492	2,360,224	1,875,055
Fixed Income Funds	988,737	1,022,914	902,115	908,790
Inflation Protected Investments	223,229	207,907	239,283	203,445
Total Investments	<u>\$ 3,710,582</u>	<u>\$ 3,795,970</u>	<u>\$ 3,543,361</u>	<u>\$ 3,029,029</u>

Investment income (including interest and dividends), net of investment fees, is included in loss from operations unless the income or loss is restricted by donor or law. The investments of Kendal at Home are considered Level 1 investments due to the fact that they have a readily determinable market value.

For the years ended December 31, 2018 and 2017, unrealized gains (losses) were \$(578,370) and \$285,978, respectively.

**NOTE 5 PENSION PLANS**

In July 2006, The Kendal Corporation formally adopted The Kendal Corporation 403(b) Plan (the 403(b) Plan), which allows eligible employees of Kendal as well as employees of The Kendal Corporation and its affiliates to make salary deferrals to the 403(b) Plan up to limits established by the IRS. In addition, Kendal may make discretionary matching and grant contributions annually, which become fully vested for participants with two or more years of service. Kendal's matching and grant contributions for the years ended December 31, 2018 and 2017 were \$20,447 and \$22,071, respectively.

Employees of Kendal participate in The Kendal Corporation Pension Plan (the Plan), which is a noncontributory defined benefit pension plan. Total assets of the Plan are available to provide benefits for Plan participants regardless of the origin of such assets. It is Kendal's policy to make a contribution to the Plan each year in an amount equal to its expense as determined by an actuary. Kendal's pension expense for the years ended December 31, 2018 and 2017 was \$49,000 and \$46,584, respectively.

Participation in the Plan will be frozen. Participants in the Plan continued through December 31, 2018.

Kendal, The Kendal Corporation, records the Plan assets and related financial statements for the whole Plan; Kendal is not required to record obligations on its financial statements; however, overall changes in the Plan could impact future funding requirements by Kendal at Home.



**KENDAL**<sup>®</sup> *at Home*  
Together, transforming the experience of aging.<sup>®</sup>