

# ASBURY BETHANY VILLAGE



Anticipate More

An Asbury Atlantic, Inc.  
Continuing Care Retirement Community  
325 Wesley Drive  
Mechanicsburg, Pennsylvania, 17055

## **Disclosure Statement April 30, 2026**

The issuance of a Certificate of Authority by the Commonwealth of Pennsylvania does not constitute approval, recommendation, or endorsement of the facility by the Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in the Disclosure Statement.

## TABLE OF CONTENTS

|           |                                                           |           |
|-----------|-----------------------------------------------------------|-----------|
| <b>1.</b> | <b>About This Document .....</b>                          | <b>1</b>  |
|           | Statement Regarding Amendment.....                        | 1         |
|           | Name & Address of Owner/Provider.....                     | 1         |
|           | Name & Address of Parent .....                            | 1         |
|           | Statement of Tax-Exempt Status .....                      | 1         |
| <b>2.</b> | <b>About Bethany Village .....</b>                        | <b>2</b>  |
|           | History .....                                             | 2         |
|           | Statement Regarding Religious and Other Affiliations..... | 2         |
|           | About the Community .....                                 | 2         |
|           | Expansions & Renovations .....                            | 3         |
|           | Resident Associations.....                                | 3         |
| <b>3.</b> | <b>About Owner &amp; Parent Corporation .....</b>         | <b>4</b>  |
|           | Organizational Chart.....                                 | 5         |
| <b>4.</b> | <b>Governance &amp; Management .....</b>                  | <b>5</b>  |
|           | Asbury Atlantic, Inc. Governance .....                    | 5         |
|           | Periodic Meetings between Residents and Management .....  | 7         |
|           | Management Contracts.....                                 | 7         |
| <b>5.</b> | <b>Service &amp; Fees .....</b>                           | <b>8</b>  |
|           | Description of Fees .....                                 | 8         |
|           | Use of Fees .....                                         | 9         |
|           | Fee for Service CCRC.....                                 | 9         |
|           | Average Annual Cost of Providing Services.....            | 10        |
|           | Benevolent Care .....                                     | 10        |
| <b>6.</b> | <b>Financial Strength &amp; Stewardship .....</b>         | <b>10</b> |
|           | Pennsylvania Obligated Group .....                        | 10        |
|           | Long Term Financing.....                                  | 11        |
|           | Funding Community Enhancement.....                        | 11        |
|           | Management of Investments .....                           | 11        |

### Exhibits

|                                                         |           |
|---------------------------------------------------------|-----------|
| Names of Directors and Officers .....                   | Exhibit A |
| Residential, Assisted Living and Health Care Fees ..... | Exhibit B |
| Residential Fee History.....                            | Exhibit C |
| Asbury Atlantic, Inc. Audited Financial Statements..... | Exhibit D |
| IRS Determination Letter.....                           | Exhibit E |

## 1. ABOUT THIS DOCUMENT

Bethany Village is delighted that you are interested in our community. We hope you find this Disclosure Statement interesting and useful and that it helps you have a better understanding of our community. While many of the disclosures provided in this document are required by state regulations, you will also find additional information that we think will be helpful. We believe it is important for you to know and understand the mission, history, ownership, governance, and finances of a continuing care retirement community (CCRC) before making a decision that affects your future quality of life. Having this information will help you select a community that is a good fit with your priorities and where you will be most comfortable.

*Bethany Village shall amend this disclosure statement at any time, should, in the opinion of Bethany Village or the Pennsylvania Department of Aging, an amendment be necessary to prevent the document from containing any material misstatement of fact.*

### Community Address

Bethany Village  
325 Wesley Dr., Mechanicsburg, PA, 17055  
Sales Office: 717-766-0279

### Name & Address of Owner/Provider

Asbury Atlantic, Inc.  
5285 Westview Drive #200  
Frederick, MD 21703  
[www.BethanyVillage.org](http://www.BethanyVillage.org)

### Name & Address of Parent

Asbury Communities, Inc.  
5285 Westview Drive #200  
Frederick, MD 21703  
[www.Asbury.org](http://www.Asbury.org)

### Statement of Tax-Exempt Status

Asbury Atlantic, Inc. and Asbury Communities, Inc. are 501(c) 3 not-for-profit charitable corporations. *Please see **Exhibit E** for the Asbury Atlantic, Inc. IRS Determination Letter.*

## 2. ABOUT BETHANY VILLAGE

### History

Bethany Village was founded in 1964 as a charitable not-for-profit corporation to provide residential and health services for seniors. Since the day it opened in 1964, Bethany Village has been committed to meeting the needs of seniors and providing enhanced, high-quality services.

Plans for expansion began almost immediately, with the first 15 cottages approved for construction in 1967. Another 80 were completed during 1978, and Bethany Court opened in July 1992. In 1998, the community laid the groundwork for years of expansion, purchasing an additional 100 acres of land (formerly the Sheely Farm) across the road from the existing campus to create the West Campus.

Bethany Village affiliated with Asbury Communities, Inc. in January 2000 and began taking reservations for West Apartments later that year. The community grew steadily through the decade, opening the West Apartments, MapleWood Assisted Living and The Oaks Skilled Nursing during 2004. The latest round of expansion was concluded in 2008, with the opening of the West Cottages and Estate Homes.

#### Statement regarding religious and other affiliations

Bethany Village has a historical relationship with the United Methodist Church; however, there are no financial or contractual obligations between Bethany Village/Asbury Atlantic, Inc. and the United Methodist Church. Our charitable mission continues to flow from the teachings of John Wesley, founder of the Methodist Church, who believed that a faith-based life is blessed by grace and carried outward into the world in service for others. Today, we translate those values by working toward excellence and doing all the good we can for seniors.

Bethany Village is an affiliate of Asbury Communities, Inc., the not-for-profit parent of a system of senior living and health service providers.

### About the Community

Bethany Village's 184-acre suburban campus is set on beautifully landscaped greens with hundreds of mature trees. Campus amenities include multiple dining venues, an indoor pool and full-scale fitness center, outpatient therapy, state of the art Brain Health Center which includes rock wall, boxing studio, and technology lab, also resident garden plots, walking trails, disc golf and mini-golf courses and an outdoor garden train.

Each year, many community residents participate in the Bethany Games, a version of the National Senior Games, competing in areas such as swimming, water volleyball, badminton,

disc golf, and cycling. In 2011, Bethany residents also founded the community's first Mini-Golf Championship, which runs from May to June. Seasonal traditions include snow tubing at a nearby ski resort and a summer water-tubing trip.

Residents live in the community's 249 apartment homes or 142 single-level homes or utilize the community's memory support and assisted living or skilled nursing suites.

Bethany Village is an equal housing opportunity provider and welcomes prospective residents, aged 55 years and older. Minimum age waivers may be granted in special circumstances. As of December 31, 2025, 487 residents reside in cottages or apartments, 98 in assisted living, and 65 in skilled nursing. The total resident population is 650.

For more information, visit [www.BethanyVillage.org](http://www.BethanyVillage.org).

### **Expansions and Renovations**

Bethany Village has been engaged in a 17-million-dollar capital campaign over the last several years to enhance and update the Bethany Village East community. The new Community Room, The Richard D. Rife Center, was completed in August 2016. The former Community Center is now the Café/Bistro, which was completed in April 2021. The focus of the campaign has now shifted to Phase III, the final phase which includes a new Gift Shop, Salon/Spa and Library completed in 2026. In addition, a state-of-the-art Brain Health Center, and the renovation of Springfield's restaurant on West was completed in 2024. Bethany also acquired 28+ acres of adjoining property for future development.

### **Resident Associations**

Bethany Village has active and vibrant resident association groups that promote resident interests, facilitate communication, interact with management, and organize events and activities. The Bethany Village Residents' Council is comprised of elected representatives who meet monthly with administration (but not in July and August) to focus on various aspects of campus life and to receive and integrate resident and staff suggestions for improving the quality of life at Bethany Village. Minutes from these meetings are distributed to all residents.

### 3. ABOUT THE OWNER & PARENT CORPORATION

Bethany Village is owned and operated by Asbury Atlantic, Inc., a not-for-profit charitable corporation, which is the legal entity responsible for providing services to the residents of Bethany Village. Asbury Atlantic also owns and operates one other continuing care retirement community (CCRC) in Pennsylvania: Springhill, Erie, PA. and two other CCRCs in Maryland: Asbury Methodist Village, Gaithersburg, MD, and Asbury Solomons, Solomons, MD. Asbury Atlantic also owns and operates Asbury Chandler Estate, Pen Argyl, PA, which offers rentals for seniors and personal care.

Asbury Communities, Inc., a not-for-profit corporation, is the sole member (parent) of Asbury Atlantic; however, Asbury Communities is not responsible for the financial or contractual obligations of Asbury Atlantic. Asbury Communities is also the sole member of the following entities:

**1170 West Main Street LLC** disregarded entity for tax purposes owned by Asbury Communities.

**Asbury Living, Inc.** owns and operates Asbury Grace Park (Stroudsburg, PA) and Asbury Ivy Gables (Wilmington, DE).

**Asbury Atlantic, Inc.** owns and operates Asbury Methodist Village (Gaithersburg, MD), Asbury Solomons (Solomons, MD), Bethany Village (Mechanicsburg, PA), Asbury Chandler Estate, and Springhill (Erie, PA).

**IVA, Inc.** holds the liquor licenses.

**Albright Care Services, Inc.** owns and operates Normandie Ridge (York, PA), Riverwoods (Lewisburg, PA), Pharmacies located at Riverwoods and Asbury Methodist Village, as well as LIFE centers located in Lancaster, Lebanon, Lycoming/Clinton, Franklin and Cumberland, PA.

**Warrior Run Manor, Inc.** owns and operates a section 202 HUD senior housing apartment building (Watsonstown, PA). Albright Care Services controls 5 of 9 Board seats, 4 of 9 Board seats are controlled by Watsonstown Area Senior Citizens Housing Corporation.

**Asbury, Inc.**

**Forest Ridge Manor, Inc.** owns and operates a section 202 HUD senior housing apartment building (Kingsport, TN). Asbury, Inc. is the Sponsor and controlling entity of Forest Ridge Manor, Inc.

**Asbury Foundation, Inc.** operates all of the charitable fundraising for Asbury Communities' not-for-profit affiliates.

**Affiliated Associates, Inc.** is a payroll holding company which leases employees to the not-for-profit affiliates.

**Bethany Development Corp** owns and operates a section 202 HUD senior housing apartment building (Mechanicsburg, PA).

**The Asbury Group, Inc.** Asbury Communities is the 100% stockholder.

**ThriveWell Tech LLC** provides IT products and services to Asbury Communities, Inc., and other third-party entities. The Asbury Group, Inc. is the sole Member.

**MFA Holdings LLC** owns and operates Asbury Place Maryville, Asbury Place Kingsport/Baysmont, and Asbury Place Kingsport/Steadman Hill. The Asbury Group, Inc. owns a minority (40%) interest in MFA Holdings.



## 4. GOVERNANCE & MANAGEMENT

Management of Bethany Village is led by Kimberly Valvo. Ms. Valvo has over 20 years of experience in the senior care field and is the Executive Director of Bethany Village. Management is responsible for the day-to-day operations and overall functioning of Bethany Village. Several governing boards provide oversight of Bethany Village.

The Bethany Village Community Advisory Committee works directly with the Executive Director and is focused exclusively on Bethany Village's programs, quality of care and service, master campus planning, and fundraising activities (in conjunction with the Asbury Foundation). The Community Advisory Committee communicates community needs and makes recommendations to the Asbury Atlantic Board regarding its scope of responsibility. The Asbury

### Asbury Atlantic, Inc. Governance

The Asbury Atlantic, Inc. Board of Directors is responsible for governing the corporation and its CCRCs, including Bethany Village. At least one of the Asbury Atlantic Directors is a current resident of one of the Asbury communities. None of the Directors have a financial interest in Asbury Atlantic, Inc. The officers, except for the chair and vice chair of the Board of Directors, are compensated staff members.

Atlantic, Inc. Board of Directors is legally responsible for control of Bethany Village and is primarily responsible for approving budget and maintaining financial health as well as monitoring quality of care and services. The Asbury Communities Board of Directors is focused on enhancing the strength of the entire fulfillment of its purpose and recognizing its full potential for providing services for the aging.

All decisions regarding Bethany Village are made in accordance with the Asbury mission, vision, core values, and the charitable purpose of the organization. In making decisions and setting strategic direction, the management and governing boards are responsible for considering what is best for current and future residents of Bethany Village as well as the organization. It is important to bear in mind that resident input is sought and highly regarded, and residents have a voice in many decisions; however, residents are not part of management and do not direct the operation of the campus.

*Please see **Exhibit A** for a listing of the Asbury Atlantic, Inc. Directors and Officers.*

## **Periodic Meetings between Residents and Management**

The Executive Director and various members of the Bethany Village management team meet monthly with the residents at a scheduled Resident Coffee. Topics include operational updates and other issues of interest to residents. The meetings are held on the first Thursday of each month in the same location. All residents are invited. Additionally, the Executive Director conducts financial update reviews on a quarterly basis at these Resident Coffees.

## **Services Agreements**

Bethany Village receives business services from Asbury Communities, pursuant to a Services Agreement. Services include financial, information technology, legal, human resources, governance, clinical, and marketing.

Associates on the Bethany Village campus are not employees of Asbury Communities. Rather, Asbury Communities employs additional staff to provide support to its affiliated entities. For example, the human relations department at Asbury Communities negotiates the benefits packages for all employees in the Asbury Communities system. This arrangement eliminates the need for Bethany Village to shoulder the burden of hiring all necessary staff or expertise to provide such services.

The organization also contracts with third party service providers. Examples are its management services agreement with Sodexo to provide Environmental Services and Aramark to provide food services in Asbury Communities' continuing care retirement communities. Depending on the community, these contracts may include dining, housekeeping, maintenance, and laundry services. The employees in these departments are Bethany Village employees, but the manager of each department is a Sodexo or Aramark employee. By contracting services with Sodexo and Aramark, Bethany Village receives a consistently high level of service for a lower cost than if each continuing care retirement community procured or provided these services on its own.

At no time have Asbury Atlantic, Inc., Asbury Communities, Inc., third party service providers, affiliates and their Directors and Officers been convicted of a felony or pled nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment. Further, neither the entities nor their respective Directors and Officers are subject to a currently effective injunctive or restrictive order of a court of record, or within the past five (5) years has any State or Federal license or permit been suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or healthcare, including without limitation, action affecting a license to operate a nursing home, retirement home, home for the aged or facility registered under the State of Pennsylvania or similar acts in another state.

## 5. SERVICES & FEES

*The following services are included in the monthly fee for Apartments, Bethany Residential Center Apartments and Cottages unless otherwise noted:*

- Ground maintenance, trash removal, snow removal and exterior repair
- Interior maintenance and replacement of Bethany Village supplied appliances
- Utilities (except Cottages and Villas)
- Basic cable service
- 24-hour security services
- Parking
- Use of all campus outdoor areas
- Use of private meeting rooms and entertainment areas
- Access to campus amenities, social and recreational programs
- Well-Being programming (except for special classes)
- Scheduled transportation
- Move-in coordination services

*The following services are available for an extra charge:*

- Additional dining services for residents and guests
- Catering services
- Beauty salon
- Additional housekeeping services
- Additional maintenance services
- Unscheduled transportation and medical appointments
- Rehabilitation, and personal care services

The cost of residence in Bethany Village MapleWood Assisted Living or The Oaks Skilled Nursing is not included in the monthly fee for apartments and cottages.

Fees for Assisted Living and The Oaks Skilled Nursing are listed in **Exhibit B**.

### **Description of Fees**

Bethany Village offers three entry fee options: (1) standard entrance fee; (2) 50 percent refundable entrance fee, and (3) 80 percent refundable entrance fee. The standard fee option is lower in cost than the refundable fee options. The standard entrance fee is amortized over the first 60 months of residency. After 60 months, there is no refundable portion of the standard entrance fee remaining. The 50 percent refundable entrance fee

option returns 50 percent of the amount paid by the resident. The 80 percent refundable entrance fee option returns 80 percent of the entrance fee paid. Refundable entrance fees are paid when Bethany Village receives an entrance fee from a successor resident for the vacated unit and the vacating resident no longer resides in any accommodation at the community. Please see the Residency Agreement for additional details regarding Entrance Fee refunds.

| Type of Fee                                                     | Entrance Fee                                                                                                   | Monthly Fee                                                                 | Ancillary Fees                                                                                                               |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Frequency of Payment                                            | Paid once upon entrance to community                                                                           | Paid Monthly                                                                | Paid Monthly                                                                                                                 |
| Other Info                                                      | Includes refundable* and standard entrance fee options. Amount depends upon the fee option and unit type/size. | Covers cost of unit and other services (see above Description of Services). | Covers cost of additional products and services that are not covered in the Monthly Fee (see above Description of Services). |
| * According to terms and conditions of the Residency Agreement. |                                                                                                                |                                                                             |                                                                                                                              |

In addition to the entrance fee, residents pay a monthly fee, depending upon the size and type of unit, as well as an ancillary fee for products and services not included in the monthly fee. *A listing of current residential living fees is located in **Exhibit B** and the historical monthly fees by unit are located in **Exhibit C**.*

## Use of Fees

All fees paid by residents to Asbury Atlantic may be used by Asbury Atlantic for any legal purpose, including the payment of debt (principal and interest), the payment of management fees to Asbury Communities, doing business as Asbury, (to be used by Asbury for any purpose in keeping with its mission, vision and tax exempt charitable purpose), the transfer of funds to Asbury (to be used by Asbury for any purpose in keeping with its mission, vision and tax exempt charitable purpose), the expansion of services on the Bethany Village campus or through the purchase or construction of a CCRC or other business or entity serving the organization's mission and tax exempt purpose, the creation of a new line of business serving the organization's mission and tax exempt purpose, and/or any other purpose.

### Fee for Service CCRC

Bethany Village is a *Type C*, fee for service continuing care retirement community. Residents pay the standard per diem fees if they need personal care or nursing services. The fees do not include any free or discounted health care or personal care services. However, they do receive priority admission for those services. Residents are also eligible for benevolent care support if they exhaust their financial resources through no fault of their own.

## Average Annual Cost of Providing Services

The average annual cost of providing care and services during the most recent twelve-month period is \$46,445. Actual costs will vary substantially according to the size of the living unit, the number of occupants, and upon the extent of additional services which an occupant uses during the course of the year.

## Benevolent Care



A significant part of the organization's charitable mission is to ensure that residents who have outlived their resources through no fault of their own are able to continue to reside at Bethany Village. This means that residents who have conserved resources will be eligible to apply for and receive benevolent care support, as long as the provision of such support does not impair the ability of the organization to operate on a sound financial basis and maintain the facilities and services for other residents at Bethany Village.

The Asbury Foundation, a 501 (c) (3) not-for-profit organization, actively seeks donations for benevolent care, including a special endowment fund, to offset the costs of providing this support.

## 6. FINANCIAL STRENGTH & STEWARDSHIP

*The financial statements for the year ending December 31, 2025, for Asbury Atlantic, Inc. as audited by CliftonLarsonAllen LLP, a qualified independent certified public accountant who has not entered into indemnity clauses, which are prohibited in 31 Pa. Code §147.6(b)(4). Financial Statements are located at **Exhibit D**.*

### Pennsylvania Obligated Group (Non-Maryland Obligated Group)\*

Asbury Atlantic, Inc is the member of an obligated group, known as the Pennsylvania Obligated Group ("PA Obligated Group") for purposes of securing long-term debt financing for Bethany Village and Springhill. Only the assets and operational revenue of Bethany Village and Springhill are pledged as security for the long term debt of the PA Obligated Group. For financial statement purposes, the long-term debt principal and interest is allocated to the respective community for which the debt was incurred. Since the inception of the PA Obligated Group, there has never been a time that Bethany Village or Springhill were unable to pay their share of the debt of the PA Obligated Group.

The PA Obligated Group enables Bethany Village and Springhill greater access to the capital markets and ability to obtain debt financing at a lower interest rate than they would otherwise obtain on their own.

\* Also referred to as the Non-Maryland Obligated Group in financial statements.

## Long Term Financing

Currently, the PA Obligated Group is responsible for a total long-term debt of \$108,956,016, which is allocated into the following four separate tax-exempt bond issuances.

| Bond Series                  | Type                        | Maturity Date | Principal Outstanding (as of 12/31/2025) |
|------------------------------|-----------------------------|---------------|------------------------------------------|
| <b>Series 2019 PA Bonds</b>  |                             |               |                                          |
| Bethany Village              | Fixed Rate Revenue Bonds    | 2021-2045     | \$39,085,436                             |
| Springhill                   | Fixed Rate Revenue Bonds    | 2021-2045     | <u>10,029,564</u>                        |
| <b>Total</b>                 |                             |               | <b>\$49,115,000</b>                      |
| <b>Series 2021A PA Bonds</b> |                             |               |                                          |
| Bethany Village              | Fixed Rate Revenue Bonds    | 2034-2041     | \$20,997,804                             |
| Springhill                   | Fixed Rate Revenue Bonds    | 2034-2041     | <u>6,237,196</u>                         |
| <b>Total</b>                 |                             |               | <b>\$27,235,000</b>                      |
| <b>Series 2021B PA Bonds</b> |                             |               |                                          |
| Bethany Village              | Variable Rate Revenue Bonds | 2022-2034     | \$12,482,263                             |
| Springhill                   | Variable Rate Revenue Bonds | 2022-2034     | <u>3,707,737</u>                         |
| <b>Total</b>                 |                             |               | <b>\$16,190,000</b>                      |
| <b>Series 2022A PA Bonds</b> |                             |               |                                          |
| Bethany Village              | Variable Rate Revenue Bonds | 2025-2037     | \$11,697,356                             |
| Springhill                   | Variable Rate Revenue Bonds | 2025-2037     | <u>4,718,660</u>                         |
| <b>Total</b>                 |                             |               | <b>\$16,416,016</b>                      |

## Funding Community Enhancement

Bethany Village maintains a statutory reserve of \$4,780,926 that is required by Pennsylvania law.

## Management of Investments

All investment funds are managed pursuant to Investment Guidelines established by the System Audit & Finance/Investment Committee, which meets quarterly. At each quarterly meeting, fund performance for the various funds is reported upon, and as necessary, the Investment Guidelines are changed to meet the needs of the organizational investment structure. The Committee is populated by Directors with various professional backgrounds

and expertise and are supported by the Chief Financial Officer and Vice President & Controller. Further, the Committee engages third party consultants as the Committee's advisors to its investment portfolio. The advisors provide reports during the Committee's meetings, make investments recommendation based on the Investment guidelines and are available to answer questions.

# **EXHIBIT**

# **A**

**ASBURY ATLANTIC, INC.  
BOARD OF DIRECTORS  
2026 (updated 1/21/2026)**

| <b>DIRECTORS (3-9)</b>                    |
|-------------------------------------------|
| Efonda Sproles, Chair                     |
| Veronica Hill-Milbourne                   |
| Barbara Harbison*                         |
| Raymond Pepe**                            |
| Mariana Matus                             |
| Carla Robinson                            |
| James Shepherd***                         |
| Todd Andrews, <i>Ex Officio Voting</i>    |
| * MD Community Resident (voting)          |
| ** PA Community Resident (voting)         |
| ***Alt MD Community Resident (non-voting) |

| <b>Class of 2026</b>  | <b>Class of 2027</b>          | <b>Class of 2028</b>  |
|-----------------------|-------------------------------|-----------------------|
| B. Harbison (2021-26) | E. Sproles (2022-27)          | C. Robinson (2026-31) |
| R. Shuman (2023-28)   | M. Matus (2025-2030)          | J. Shepherd (2026-31) |
|                       | V. Hill-Milbourne (2025-2030) |                       |
|                       | R. Pepe (2025-2030)           |                       |

**Officers**

Efonda Sproles, Chair  
 Todd Andrews, President  
 Andrew Joseph, Secretary  
 Andrew Jeanneret, Treasurer

**EXHIBIT**

**B**

## Bethany Village Residential Living 2026 Rate Schedule

### Bethany Center:

|                    |                  |
|--------------------|------------------|
| Oxford Rental      | \$1861 per month |
| Strawbridge Rental | \$2306 per month |
| Second person fee  | \$500 per month  |

### Bethany Court:

|                   |                  |
|-------------------|------------------|
| St. Simons        | \$2152 per month |
| Nashville         | \$2454 per month |
| Dayton            | \$2490 per month |
| Junaluska         | \$2695 per month |
| Nashville II      | \$2730 per month |
| Junaluska II      | \$2813 per month |
| Second person fee | \$500 per month  |

### East Cottages:

|                                                      |                  |
|------------------------------------------------------|------------------|
| Contract B                                           | \$1880 per month |
| Second person fee<br>(New Residents after 1/01/2024) | \$250            |

### West Apartments:

|                   |                  |
|-------------------|------------------|
| Penn              | \$3043 per month |
| Eisenhower        | \$3312 per month |
| Meade             | \$3312 per month |
| Carnegie          | \$3406 per month |
| Marshall          | \$3461 per month |
| Buchanan          | \$3526 per month |
| Franklin          | \$3583 per month |
| Second person fee | \$500 per month  |

### West Cottages & Estate Homes:

|                                                      |                  |
|------------------------------------------------------|------------------|
| Aspen                                                | \$2291 per month |
| Hickory                                              | \$2291 per month |
| Chestnut                                             | \$2291 per month |
| Estate Home                                          | \$3291 per month |
| Second person fee<br>(New Residents after 1/01/2024) | \$250            |

Bethany Village  
MapleWood Assisted Living  
2026 Rate Schedule

|                                                 | Subscribers      | Non-Subscribers  | Non-Subscribers<br>Prior to 1/01/2025 |
|-------------------------------------------------|------------------|------------------|---------------------------------------|
| Level 1                                         | \$286.00 per day | \$316.00 per day | \$302.00 per day                      |
| Level 2                                         | \$307.00 per day | \$337.00 per day | \$323.00 per day                      |
| Level 3                                         | \$337.00 per day | \$367.00 per day | \$353.00 per day                      |
| Golden Maple,<br>Memory Support<br>Neighborhood | \$363.00 per day | \$393.00 per day | \$379.00 per day                      |
|                                                 |                  |                  |                                       |

For couples residing in one suite, the person at the lowest level of care will receive a \$40.00 per day reduction in fees.

Meal Credit (\$5.00 per day), Laundry Credit (\$0.35 per day) and Housekeeping Credit (\$0.45 per day) will be issued if a resident is admitted to a Health Care Center or Medical treatment facility, or if absent for more than 7 consecutive days.

Subscribers are residents who have paid an entrance fee or residents that were admitted prior to December 1, 2005.

I, \_\_\_\_\_, hereby acknowledge receipt  
(Print Name & Signature of Payer)  
of the 2025 Rate Schedule for Bethany Village, MapleWood Assisted Living. \_\_\_\_\_  
(Date)

***Please sign one copy and return in the enclosed envelope to:***

Bethany Village, MapleWood Assisted Living  
Bridget Walling, Administrator  
5225 Wilson Lane, Door #21  
Mechanicsburg, PA 17055

Or fax to: **717-591-0279, Attn: Bridget Walling**

Or email to: **[bwalling@asbury.org](mailto:bwalling@asbury.org)**

**Bethany Village  
The Oaks, Skilled Nursing  
2026 Rate Schedule**

|                                                          |                         |
|----------------------------------------------------------|-------------------------|
| <b>Semi-private room</b>                                 | <b>\$507.00 per day</b> |
| <b>Private Room</b>                                      | <b>\$570.00 per day</b> |
| <b>Colonial Heights Neighborhood,<br/>Memory Support</b> | <b>\$627.00 per day</b> |

# **EXHIBIT**

## **C**

| <b>Floor Plan</b>               | <b>Year<br/>2021</b> | <b>Year<br/>2022</b> | <b>Year<br/>2023</b> | <b>Year<br/>2024</b> | <b>Year<br/>2025</b> |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Oxford - RENTAL                 | \$ 1,488             | \$ 1,555             | \$ 1,682             | \$ 1,741             | \$ 1,798             |
| Strawbridge - RENTAL            | \$ 1,845             | \$ 1,928             | \$ 2,085             | \$ 2,158             | \$ 2,228             |
| Second Person Fee               | \$ 513               | \$ 500               | \$ 500               | \$ 500               | \$ 500               |
| St. Simons                      | \$ 1,722             | \$ 1,799             | \$ 1,946             | \$ 2,014             | \$ 2,079             |
| Nashville                       | \$ 1,962             | \$ 2,050             | \$ 2,218             | \$ 2,296             | \$ 2,371             |
| Dayton                          | \$ 1,992             | \$ 2,082             | \$ 2,251             | \$ 2,330             | \$ 2,406             |
| Junaluska                       | \$ 2,156             | \$ 2,253             | \$ 2,437             | \$ 2,522             | \$ 2,604             |
| Nashville II                    | \$ 2,185             | \$ 2,283             | \$ 2,469             | \$ 2,555             | \$ 2,638             |
| Junaluska II                    | \$ 2,250             | \$ 2,351             | \$ 2,543             | \$ 2,632             | \$ 2,718             |
| Second Person Fee               | \$ 513               | \$ 500               | \$ 500               | \$ 500               | \$ 500               |
| East Cottage (Contract A)       | N/A                  | N/A                  |                      |                      |                      |
| East Cottage (Contract B)       | \$ 1,512             | \$ 1,580             | \$ 1,708             | \$ 1,768             | \$ 1,821             |
| Second Person Fee               |                      |                      |                      | \$ 250               | 250                  |
| Aspen                           | \$ 1,841             | \$ 1,924             | \$ 2,081             | \$ 2,154             | \$ 2,219             |
| Hickory                         | \$ 1,841             | \$ 1,924             | \$ 2,081             | \$ 2,154             | \$ 2,219             |
| Chestnut                        | \$ 1,841             | \$ 1,924             | \$ 2,081             | \$ 2,154             | \$ 2,219             |
| Estate Home                     | \$ 2,645             | \$ 2,764             | \$ 2,989             | \$ 3,094             | \$ 3,187             |
| Second Person Fee               |                      |                      |                      | \$ 250               | \$ 250               |
| Penn                            | \$ 2,458             | \$ 2,544             | \$ 2,751             | \$ 2,847             | \$ 2,940             |
| Eisenhower                      | \$ 2,674             | \$ 2,768             | \$ 2,994             | \$ 3,099             | \$ 3,200             |
| Meade                           | \$ 2,674             | \$ 2,768             | \$ 2,994             | \$ 3,099             | \$ 3,200             |
| Carnegie                        | \$ 2,751             | \$ 2,847             | \$ 3,079             | \$ 3,187             | \$ 3,291             |
| Marshall                        | \$ 2,795             | \$ 2,893             | \$ 3,129             | \$ 3,239             | \$ 3,344             |
| Buchanan                        | \$ 2,848             | \$ 2,948             | \$ 3,188             | \$ 3,300             | \$ 3,407             |
| Franklin                        | \$ 2,895             | \$ 2,996             | \$ 3,240             | \$ 3,353             | \$ 3,462             |
| Second Person Fee               | \$ 513               | \$ 500               | \$ 500               | \$ 500               | \$ 500               |
| AL Level 1                      | \$ 233               | \$ 238               | \$ 260               | \$ 268               | \$ 276               |
| AL Level 1 (non-subscriber)     | \$ 248               | \$ 253               | \$ 275               | \$ 283               | \$ 306               |
| AL Level 2                      | \$ 250               | \$ 255               | \$ 279               | \$ 287               | \$ 296               |
| AL Level 2 (non-subscriber)     | \$ 265               | \$ 270               | \$ 294               | \$ 302               | \$ 326               |
| AL Level 3                      | \$ 276               | \$ 282               | \$ 307               | \$ 316               | \$ 325               |
| AL Level 3 (non-subscriber)     | \$ 291               | \$ 297               | \$ 322               | \$ 331               | \$ 355               |
| AL - Alzheimer                  | \$ 297               | \$ 303               | \$ 331               | \$ 341               | \$ 351               |
| AL - Alzheimer (non-subscriber) | \$ 312               | \$ 318               | \$ 346               | \$ 356               | \$ 381               |

|                    |    |     |    |     |    |     |    |     |    |     |
|--------------------|----|-----|----|-----|----|-----|----|-----|----|-----|
| SNF - Semi-Private | \$ | 401 | \$ | 419 | \$ | 458 | \$ | 476 | \$ | 490 |
| SNF - Private      | \$ | 451 | \$ | 471 | \$ | 514 | \$ | 535 | \$ | 551 |
| SNF - Alzheimer    | \$ | 495 | \$ | 517 | \$ | 565 | \$ | 588 | \$ | 606 |

**EXHIBIT**

**D**

**ASBURY ATLANTIC, INC.**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](http://CLAcconnect.com)

**ASBURY ATLANTIC, INC.**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|                                                                                                                     |           |
|---------------------------------------------------------------------------------------------------------------------|-----------|
| <b>INDEPENDENT AUDITORS' REPORT</b>                                                                                 | <b>1</b>  |
| <b>FINANCIAL STATEMENTS</b>                                                                                         |           |
| <b>BALANCE SHEETS</b>                                                                                               | <b>4</b>  |
| <b>STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)</b>                                                 | <b>6</b>  |
| <b>STATEMENTS OF CASH FLOWS</b>                                                                                     | <b>8</b>  |
| <b>NOTES TO FINANCIAL STATEMENTS</b>                                                                                | <b>10</b> |
| <b>SUPPLEMENTARY INFORMATION</b>                                                                                    |           |
| <b>BALANCE SHEET BY LOCATION</b>                                                                                    | <b>51</b> |
| <b>STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)</b><br><b>WITHOUT DONOR RESTRICTIONS BY LOCATION</b> | <b>53</b> |
| <b>STATEMENT OF CASH FLOWS BY LOCATION</b>                                                                          | <b>55</b> |



## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Asbury Atlantic, Inc.  
Frederick, Maryland

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Asbury Atlantic, Inc., which comprise the balance sheets as of December 31, 2025 and 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Asbury Atlantic, Inc. as of December 31, 2025 and 2024, and the results of its operations, changes in net assets (deficit), and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Asbury Atlantic, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asbury Atlantic, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Audit Committee  
Asbury Atlantic, Inc.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information listed under "Supplementary Information" on the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Timonium, Maryland  
April 16, 2026

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**

| <b>ASSETS</b>                                   | <u>2025</u>           | <u>2024</u>           |
|-------------------------------------------------|-----------------------|-----------------------|
| <b>CURRENT ASSETS</b>                           |                       |                       |
| Cash and Cash Equivalents                       | \$ 8,659,600          | \$ 8,332,523          |
| Investments                                     | 69,355,804            | 43,484,907            |
| Accounts Receivable                             | 7,145,378             | 7,835,496             |
| Allowance for Credit Losses                     | (1,624,320)           | (1,658,188)           |
| Other Receivables and Prepaid Expenses          | 7,316,154             | 10,862,056            |
| Investments Held under Bond Indenture           | 9,549,047             | 9,553,877             |
| Total Current Assets                            | <u>100,401,663</u>    | <u>78,410,671</u>     |
| <b>PROPERTY AND EQUIPMENT</b>                   |                       |                       |
| Due from ACOMM, Net                             | 106,640,941           | 108,217,175           |
| Property and Equipment, Net                     | 275,620,607           | 272,973,012           |
| Right-Of-Use Assets - Operating Leases, Net     | 1,027,281             | 590,641               |
| Right-Of-Use Assets - Finance Leases, Net       | 119,181               | 137,178               |
| Investments Restricted by Donors                | 16,395,850            | 14,237,891            |
| Deposits and Other Assets                       | 180,274               | 275,572               |
| Other Intangible Assets                         | 537,500               | -                     |
| Investments Held under Bond Indenture           | 16,856,440            | 16,849,695            |
| Statutory Reserves                              | 29,731,883            | 28,793,630            |
| Investments Restricted by Board                 | 5,901,801             | 5,319,953             |
| Funds Held in Trust                             | 2,613,790             | 2,426,491             |
| Beneficial Interest in Net Assets of Foundation | 36,193,749            | 35,166,561            |
| Valuation of Derivative Instruments             | 2,406,995             | 2,698,986             |
| Total Assets                                    | <u>\$ 594,627,955</u> | <u>\$ 566,097,456</u> |

*See accompanying Notes to Financial Statements.*

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2025 AND 2024**

| <b>LIABILITIES AND NET ASSETS (DEFICIT)</b>                    | <u>2025</u>           | <u>2024</u>           |
|----------------------------------------------------------------|-----------------------|-----------------------|
| <b>CURRENT LIABILITIES</b>                                     |                       |                       |
| Accounts Payable and Accrued Expenses                          | \$ 1,804,614          | \$ 1,330,522          |
| Accrued Interest Payable                                       | 4,673,459             | 4,887,748             |
| Obligations under Charitable Gift Annuities                    | 60,613                | 61,303                |
| Deposits from Prospective Residents                            | 4,819,324             | 4,600,095             |
| Entrance Fees - Refundable                                     | 2,133,556             | 5,584,436             |
| Deferred Revenue                                               | 913,043               | 1,070,408             |
| Current Portion of Lease Liabilities - Operating Leases        | 317,318               | 413,830               |
| Current Portion of Lease Liabilities - Finance Leases          | 58,179                | 76,338                |
| Current Portion of Long-Term Debt                              | 12,846,295            | 11,431,357            |
| Total Current Liabilities                                      | <u>27,626,401</u>     | <u>29,456,037</u>     |
| <b>LONG-TERM LIABILITIES</b>                                   |                       |                       |
| Long-Term Lease Liabilities - Operating Leases, Net of Current | 709,962               | 176,811               |
| Long-Term Lease Liabilities - Finance Leases, Net of Current   | 61,993                | 29,955                |
| Long-Term Debt, Less Current Portion                           | 222,260,691           | 230,116,202           |
| Contingent Refundable Entrance Fee Liability                   | 120,308,906           | 135,549,148           |
| Entrance Fees - Deferred Revenue                               | 210,323,977           | 194,486,275           |
| Obligations under Charitable Gift Annuities                    | 72,310                | 79,844                |
| Other Liabilities                                              | 1,500,000             | 1,500,000             |
| Total Liabilities                                              | <u>582,864,240</u>    | <u>591,394,272</u>    |
| <b>NET ASSETS (DEFICIT)</b>                                    |                       |                       |
| Without Donor Restrictions                                     | (31,726,851)          | (67,812,755)          |
| With Donor Restrictions                                        | 43,490,566            | 42,515,939            |
| Total Net Assets (Deficit)                                     | <u>11,763,715</u>     | <u>(25,296,816)</u>   |
| Total Liabilities and Net Assets (Deficit)                     | <u>\$ 594,627,955</u> | <u>\$ 566,097,456</u> |

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|                                                                                                                                                                     | 2025           | 2024           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b>                                                                                                                           |                |                |
| Resident Services Revenue                                                                                                                                           | \$ 161,698,949 | \$ 153,443,704 |
| Other Operating Revenue                                                                                                                                             | 4,742,278      | 2,436,045      |
| Amortization of Entrance Fees                                                                                                                                       | 30,869,103     | 30,025,130     |
| Interest and Dividend Income, Net                                                                                                                                   | 5,138,505      | 5,826,139      |
| Net Realized Gain (Loss) on Investments                                                                                                                             | (1,226,099)    | 9,633,955      |
| Net Unrealized Gain (Loss) on Equity Security Investments                                                                                                           | 12,114,417     | (3,070,610)    |
| Allocations from Asbury Foundation, Inc.                                                                                                                            | 8,792,602      | 7,952,066      |
| Total Revenues, Gains, and Other Support                                                                                                                            | 222,129,755    | 206,246,429    |
| <b>EXPENSES</b>                                                                                                                                                     |                |                |
| Salaries                                                                                                                                                            | 62,837,572     | 61,866,713     |
| Employee Benefits                                                                                                                                                   | 11,518,519     | 13,590,832     |
| Contract Labor                                                                                                                                                      | 9,789,343      | 9,030,195      |
| Food Purchases                                                                                                                                                      | 7,010,955      | 6,620,006      |
| Medical Supplies and Other Resident Costs                                                                                                                           | 5,568,544      | 5,148,809      |
| General and Administrative                                                                                                                                          | 3,517,396      | 2,827,225      |
| Building and Maintenance                                                                                                                                            | 19,566,461     | 17,806,853     |
| Professional Fees and Insurance                                                                                                                                     | 2,249,529      | 2,095,322      |
| Interest                                                                                                                                                            | 10,310,130     | 10,496,937     |
| Taxes                                                                                                                                                               | 4,415,450      | 4,342,667      |
| Provision for Credit Losses                                                                                                                                         | 1,225,957      | 918,067        |
| Depreciation and Amortization                                                                                                                                       | 28,843,871     | 28,797,143     |
| Service and Other Fees                                                                                                                                              | 19,847,292     | 19,713,418     |
| Total Expenses                                                                                                                                                      | 186,701,019    | 183,254,187    |
| <b>INCOME FROM OPERATIONS PRIOR TO NET UNREALIZED<br/>GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE<br/>INSTRUMENTS AND GAIN (LOSS) ON DISPOSAL OF ASSETS</b> | 35,428,736     | 22,992,242     |
| Net Unrealized Gain (Loss) on Change in Market Value of<br>Derivative Instruments                                                                                   | (1,283,860)    | 439,439        |
| Gain (Loss) on Disposal of Assets                                                                                                                                   | (285,243)      | 528,564        |
| <b>INCOME FROM OPERATIONS</b>                                                                                                                                       | 33,859,633     | 23,960,245     |

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|                                                                             | <u>2025</u>                 | <u>2024</u>                   |
|-----------------------------------------------------------------------------|-----------------------------|-------------------------------|
| <b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>                               |                             |                               |
| Income from Operations                                                      | \$ 33,859,633               | \$ 23,960,245                 |
| Net Unrealized Gain on Fixed Income Securities<br>and Other Investments     | 190,779                     | 1,078,589                     |
| Net Assets Released from Restrictions Used for Purchase<br>of Capital Items | 1,331,239                   | 1,863,186                     |
| Net Asset Transfer                                                          | 1,640,253                   | -                             |
| Transfers to ACOMM                                                          | <u>(936,000)</u>            | <u>(608,500)</u>              |
| Changes in Net Deficit Without Donor Restrictions                           | 36,085,904                  | 26,293,520                    |
| <b>NET ASSETS WITH DONOR RESTRICTIONS</b>                                   |                             |                               |
| Net Assets Released from Restriction Used for<br>Purchase of Capital Items  | (1,331,239)                 | (1,863,186)                   |
| Change in Beneficial Interest in Net Assets of Asbury<br>Foundation, Inc.   | 2,358,427                   | 1,993,018                     |
| Changes in Value of Obligations under Charitable Gift Annuities             | <u>(52,561)</u>             | <u>(24,074)</u>               |
| Changes in Net Assets With Donor Restrictions                               | 974,627                     | 105,758                       |
| <b>CHANGES IN NET ASSETS (DEFICIT)</b>                                      | 37,060,531                  | 26,399,278                    |
| Net Deficit - Beginning of Year                                             | <u>(25,296,816)</u>         | <u>(51,696,094)</u>           |
| <b>NET ASSETS (DEFICIT) - END OF YEAR</b>                                   | <u><u>\$ 11,763,715</u></u> | <u><u>\$ (25,296,816)</u></u> |

*See accompanying Notes to Financial Statements.*

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|                                                                                                        | 2025                 | 2024                 |
|--------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                            |                      |                      |
| Changes in Net Assets (Deficit)                                                                        | \$ 37,060,531        | \$ 26,399,278        |
| Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities: |                      |                      |
| Provision for Credit Losses                                                                            | 1,225,957            | 918,067              |
| Depreciation and Amortization                                                                          | 28,711,165           | 28,632,626           |
| Amortization of Deferred Financing Costs                                                               | 238,417              | 234,025              |
| Amortization of Bond Premium/Discount                                                                  | (780,550)            | (780,550)            |
| Amortization of Right-of-Use Asset - Finance Leases                                                    | 132,706              | 164,517              |
| Amortization of Entrance Fees                                                                          | (30,869,103)         | (30,025,130)         |
| Net Proceeds from Nonrefundable Entrance Fees                                                          | 49,925,603           | 38,301,150           |
| Net Unrealized (Gain) Loss on Investments                                                              | (12,305,196)         | 1,992,021            |
| Net Realized (Gain) Loss on Investments                                                                | 1,226,099            | (9,633,955)          |
| (Gain) Loss on Disposal of Assets                                                                      | 285,243              | (528,564)            |
| Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instruments                         | 1,283,860            | (439,439)            |
| Changes in Beneficial Interest in Net Assets of Foundation                                             | (1,027,188)          | (129,832)            |
| Changes in Value of Obligations Under Charitable Gift Annuities                                        | 52,561               | 24,074               |
| Transfers to ACOMM                                                                                     | 936,000              | 608,500              |
| Net Asset Transfer                                                                                     | (1,640,253)          | -                    |
| Changes in Assets and Liabilities:                                                                     |                      |                      |
| Accounts Receivable                                                                                    | (542,740)            | (1,605,238)          |
| Other Receivables and Prepaid Expenses                                                                 | 148,295              | 405,589              |
| Deferred Entrance Fees                                                                                 | 3,460,163            | (1,545,791)          |
| Other Assets                                                                                           | (3,322)              | 112,751              |
| Deferred Revenue                                                                                       | (3,612,819)          | (1,871,369)          |
| Accounts Payable and Accrued Expenses                                                                  | 389,743              | (61,158)             |
| Accrued Interest Payable                                                                               | (224,714)            | (191,926)            |
| Net Cash Provided by Operating Activities                                                              | 74,070,458           | 50,979,646           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                            |                      |                      |
| Purchase of Property and Equipment, Net                                                                | (21,886,141)         | (34,700,398)         |
| Purchases of Investments                                                                               | (25,635,528)         | (103,036,342)        |
| Sales of Investments                                                                                   | 8,103,921            | 107,660,704          |
| Funds Held in Trust                                                                                    | (187,299)            | (98,001)             |
| Cash Received Upon Net Asset Transfer                                                                  | 1,355,990            | -                    |
| Net Cash Used by Investing Activities                                                                  | (38,249,057)         | (30,174,037)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                            |                      |                      |
| Proceeds from Refundable Entrance Fees and Refundable Deposits                                         | 7,925,300            | 7,321,477            |
| Proceeds from Issuance of Debt                                                                         | -                    | 8,029,603            |
| Refunds from Refundable Entrance Fees and Refundable Deposits                                          | (26,408,107)         | (17,139,076)         |
| Payments on Long-Term Debt                                                                             | (12,278,285)         | (10,923,194)         |
| Payments for Deferred Financing Costs                                                                  | -                    | (2,100)              |
| Payments on Finance Leases                                                                             | (101,031)            | (166,198)            |
| Payments on Obligations under Charitable Gift Annuities                                                | (60,785)             | (74,494)             |
| Change in Due to ACOMM, Net                                                                            | (2,695,248)          | (9,408,541)          |
| Transfers to ACOMM                                                                                     | (936,000)            | (608,500)            |
| Net Cash Used by Financing Activities                                                                  | (34,554,156)         | (22,971,023)         |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                            | 1,267,245            | (2,165,414)          |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year                                        | 63,529,725           | 65,695,139           |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>                                       | <u>\$ 64,796,970</u> | <u>\$ 63,529,725</u> |

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|                                                                              | 2025                 | 2024                 |
|------------------------------------------------------------------------------|----------------------|----------------------|
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                      |                      |                      |
| Cash Paid for Interest                                                       | <u>\$ 11,076,977</u> | <u>\$ 11,235,388</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b> |                      |                      |
| Right-of-Use Asset Received in Exchange for Operating Leases                 | <u>\$ 918,369</u>    | <u>\$ 313,356</u>    |
| Right-of-Use Asset Received in Exchange for Finance Leases                   | <u>\$ 91,638</u>     | <u>\$ 170,154</u>    |

*See accompanying Notes to Financial Statements.*

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 ORGANIZATION**

Asbury Communities, Inc. (Asbury Atlantic or the Company) is a nonprofit, nonstock corporation organized under the laws of the state of Maryland and is a supported organization of Asbury Communities, Inc. (ACOMM). ACOMM is the sole member of Asbury Atlantic. Asbury Atlantic has operating entities comprised of Asbury Methodist Village (AMV), Asbury Solomons (AS), Bethany Village (BV), Springhill (SH), and effective January 1, 2025, Asbury Chandler Estate, LLC (CE).

AMV and AS are continuing-care retirement communities (CCRC) located in Gaithersburg, Maryland and Calvert County, Maryland, respectively. BV and SH are CCRCs located in Mechanicsburg, Pennsylvania and Erie, Pennsylvania, respectively. A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, health care, and other related healthcare and lifestyle services to seniors. CE is an independent and personal care facility located in Pen Argyl, Pennsylvania. Cash transferred from Asbury Atlantic to ACOMM during 2025 and 2024 was not required at Asbury Atlantic to fund daily operations, meet debt covenants, or fulfill regulatory requirements.

ACOMM serves as the supporting organization of Asbury Atlantic; Asbury Communities HCBS, Inc. (HCBS); Bethany Development Corp. (BDC); Albright Care Services (Albright); and Asbury Living, Inc. (Asbury Living). Asbury Living has operating entities comprised of Grace Park (GP) and Ivy Gables (IG). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

**Asbury Chandler Estate, LLC Transaction**

In December 2024, ACOMM formed Asbury Chandler Estate, LLC, a Pennsylvania limited liability company. Asbury Atlantic is the sole member of Asbury Chandler Estate, LLC. The reason for the formation of the LLC, and the membership interest transfer described below, was to convert the Chandler Estates operations from a for profit to a nonprofit.

On December 1, 2024, and effective on January 1, 2025, TAG entered into a membership interest transfer agreement with Asbury Chandler Estate, LLC. Under this agreement, TAG transferred 100% of its membership interests of 1569 Teels Road, LLC, a Pennsylvania limited liability company and owner/operator of a senior living facility known as Asbury Chandler Estates, to Asbury Chandler Estate, LLC. Pursuant to this agreement, ownership of the senior living facility known as Asbury Chandler Estate was also transferred to Asbury Chandler Estate, LLC.

On January 1, 2025, Asbury Chandler Estate, LLC entered into an operating agreement with Asbury Atlantic, whereas Asbury Chandler Estate, LLC became the sole member of 1569 Teels Road, LLC. Pursuant to this agreement, Asbury Atlantic will govern the operations of Asbury Chandler Estate, LLC. All activity of Asbury Chandler Estate, LLC is included in these financial statements from the date of the membership interest transfer agreement.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash, Cash Equivalents, and Restricted Cash**

Cash and cash equivalents include amounts held in checking and savings accounts, money market accounts, and short-term certificates of deposit with original maturities of 90 days or less. Cash balances are principally uninsured and subject to normal credit risks. Cash and cash equivalents within funds identified as investments held under bond indenture and statutory reserves are considered restricted in nature.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that equal the same such amounts shown in the statements of cash flows at December 31:

|                                                   | <u>2025</u>          | <u>2024</u>          |
|---------------------------------------------------|----------------------|----------------------|
| Cash                                              | \$ 8,659,600         | \$ 8,332,523         |
| Restricted Cash Included in Current Investments   |                      |                      |
| Held under Bond Indenture                         | 9,549,047            | 9,553,877            |
| Restricted Cash Included in Long-Term Investments |                      |                      |
| Held under Bond Indenture                         | 16,856,440           | 16,849,695           |
| Restricted Cash Included in Statutory Reserves    | <u>29,731,883</u>    | <u>28,793,630</u>    |
| Total Cash, Cash Equivalents, and Restricted      |                      |                      |
| Cash Shown in the Statements of Cash Flows        | <u>\$ 64,796,970</u> | <u>\$ 63,529,725</u> |

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are reported net of an allowance for credit losses to represent the Company's estimate of expected losses at the balance sheet date. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable and Allowance for Credit Losses (Continued)**

Under the Medicare and Medicaid reimbursement and other third-party agreements, amounts collected for services to patients under these agreements are computed at contractually agreed-upon rates. Accounts receivable have been adjusted to reflect the difference between charges and the reimbursable amounts under these third-party contracts. Revenues from Medicare and Medicaid programs and other third-party agreements accounted for approximately 21% and 22% of total resident service revenues for the years ended December 31, 2025 and 2024, respectively.

Opening and closing balances in contract accounts receivable were as follows:

|                                 | <u>Accounts Receivable, Net</u> |
|---------------------------------|---------------------------------|
| Balance as of January 1, 2024   | \$ 5,490,137                    |
| Balance as of December 31, 2024 | 6,177,308                       |
| Balance as of December 31, 2025 | 5,521,058                       |

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2025 and 2024, the allowance for estimate of expected credit losses was \$1,624,320 and \$1,658,188, respectively.

Changes in the allowance for credit losses for the years ended December 31, 2025 and 2024 were as follows:

|                            | <u>2025</u>         | <u>2024</u>         |
|----------------------------|---------------------|---------------------|
| Balance, Beginning of Year | \$ 1,658,188        | \$ 1,261,922        |
| Provision for Losses       | 1,237,118           | 905,822             |
| Amounts Written Off        | (1,271,172)         | (516,368)           |
| Recoveries                 | 186                 | 6,812               |
| Balance, End of Year       | <u>\$ 1,624,320</u> | <u>\$ 1,658,188</u> |

**Investments and Investment Income**

Substantially all investments are held in an investment account with ACOMM. The investment pools are comprised of equity securities or equity mutual funds, bonds or bond mutual funds, alternative investments and cash. The equity securities and the related unrealized gains or losses are recorded above income from operations. The fixed income securities and other types of investments and their related unrealized gains or losses are recorded below income from operations. The investments are managed by the ACOMM board with guidance from external investment advisors. In addition, investments held under bond indenture are high-grade income securities.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income (Continued)**

If market quotations are not readily available for a security or if subsequent events suggest that a market quotation is not reliable, the funds will use the security's fair value, using consistently applied procedures established by and under the general supervision of the funds' manager. This generally means that equity securities and fixed income securities listed and traded principally on any national securities exchange are valued on the basis of the last sale price or, lacking any sales, at the closing bid price, on the primary exchange on which the security is traded. The funds' manager may involve subjective judgments as to the fair value of securities. The use of fair value pricing by the funds may cause the net asset value of fund units to differ significantly from the net asset value that would be calculated using current market values.

Accordingly, valuations do not necessarily represent the amounts that might be realized from sales or other dispositions of investments, nor do they reflect taxes or other expenses that might be incurred upon disposition. Mortgage loans held by the underlying funds have been valued on the basis of principal and interest payment terms discounted at currently prevailing interest rates for similar investments. The fair values relating to certain alternative investments have been estimated by the funds' manager in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuations of the investments held by the underlying funds, their estimated values may differ significantly from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Investment returns are allocated to Asbury Atlantic based on its proportion of its underlying holdings. The portion of investments that is available to fund current operating activities is included in current assets in the accompanying balance sheets. Donated investments are reported at their fair values at date of receipt.

Investment income or loss from equity securities, mutual funds, bonds, and alternative investments includes Asbury Atlantic's proportional share of interest and dividends, net of investment management fees, realized gains and losses on investments, and unrealized gains and losses on equity security investments and are included in the income (loss) from operations. Investment income or loss is included in income (loss) from operations unless restricted by donor or law. Unrealized gains and losses on fixed income securities or other investments with readily determinable market values are excluded from income (loss) from operations unless the losses are deemed to be other-than-temporary.

As the need arises, the Company evaluates whether any declines in the fair values of investments are other-than-temporary. This evaluation consists of a review of several factors, including, but not limited to length of time and extent that a security has been in an unrealized loss position, the existence of an event that would impair the issuer's future earnings potential, the near-term prospects for recovery of the market value of a security and the intent and ability of the Company to hold the security until the market value recovers. Declines in fair value below cost that are deemed to be other-than-temporary are removed from unrealized changes in market value and are recorded as losses and Asbury Atlantic's proportionate share is included in investment income in the accompanying statements of operations and changes in net deficit.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income (Continued)**

The investment policy of the Company provides a balance of long-term growth and preservation of capital of the assets while managing a core segment of assets in a manner specifically designed to meet the ongoing capital requirements of the Company and other requirements specified under the terms of its financing agreements.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Company relies on an investment strategy that allocates its investments among a number of asset classes. These asset classes may include: domestic equity, domestic fixed income, international equity, cash equivalents, and other alternative strategies and products. The purpose of allocating among asset classes is to ensure a diversification to achieve the portfolio's investment objectives. The Company believes that this investment strategy meets the Company's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle. In order to ensure that ACOMM continues to meet its objectives, the Company has established rebalancing guidelines and established mechanisms for ongoing monitoring of performance and risk.

**Derivatives Policy – Debt**

The Company manages some of its exposure to interest rate volatility through use of interest rate swap contracts. These contracts qualify as derivative financial instruments. The book values of the derivative instruments are adjusted to their estimated fair values at each balance sheet date. The Company has determined that, for continuing operations, the Company's derivatives do not meet the criteria for hedge accounting and, therefore, the change in fair value of all of the derivative instruments are included within the Company's performance indicator, income from operations.

**Investments Restricted by the Board**

Investments restricted by the board include assets set aside by the ACOMM board of directors (the board) for benevolent care. The board retains control of these assets and may, at its discretion, subsequently use them for other board-designated purposes.

**Beneficial Interest in Net Assets of Foundation**

The Company records an interest in the net assets of AFOUND resulting from contributions with donor restrictions that are solicited and held by AFOUND to be used for the benefit of Asbury Atlantic based on donor designation and intent.

**Leases**

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets-operating lease and lease liability-operating leases, and finance leases are included in right-of-use (ROU) assets-finance leases and lease liability-finance leases in the balance sheets. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheets.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**Property and Equipment**

Property and equipment are stated at cost. Donated property and equipment are recorded at fair market value at the date of the gift. Improvements that materially extend the useful lives of the assets are capitalized. General repairs and maintenance costs are expensed as incurred. The Company capitalizes all expenditures for property and equipment costing \$5,000 or more and having useful lives greater than two years.

Interest costs incurred on borrowed funds and financing costs during the period of construction of capital assets are capitalized as components of the cost of acquiring those assets.

The Company reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during 2025 and 2024.

**Advertising Expenses**

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the statements of operations and changes in net deficit. Advertising expense was \$579,437 and \$375,332 for the years ended December 31, 2025 and 2024, respectively.

**Deposits from Prospective Residents**

Deposits from prospective residents are refundable until such time as the prospective resident executes a residency agreement and pays the balance of the entrance fee. Interest earned on these deposits belongs to Asbury Atlantic.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Continuing-Care Contracts**

Asbury Atlantic offers continuing-care contracts to its residents. These contracts include residential facilities, meals, and other amenities, as well as priority access to health care services.

**Resident Services Revenue**

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

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the facility. The Company measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and the Company does not believe it is required to provide additional goods or services related to that sale.

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

Asbury Atlantic offers four types of resident entrance fee options at the AMV, AS, BV, and SH locations: a standard entrance fee (SEF) that amortizes over fifty (50) months, a 50% refundable entrance fee, an 80% refundable entrance fee, and a nonrefundable entrance fee (NREF). Previously, Asbury Atlantic offered a one hundred percent (100%) refundable, a ninety percent (90%) refundable, a twenty-five percent (25%) refundable, a SEF that amortized over five (5) years, and a SEF that amortized over nine (9) years.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident Services Revenue (Continued)**

Under the current SEF, that amortizes over fifty months, the refund balance declines 2% per month over the fifty-month period. Under the prior SEF that amortizes over five years, the refund balance declines 1.667% per month over the five-year period. Under the prior SEF that amortizes over nine years, 10% of the fee is nonrefundable upon receipt, and 10% per annum of the fee becomes nonrefundable over the nine-year period. After the fifty-month, five-year, and nine-year periods, the refund is fully amortized and there is no refundable portion. Under the NREF, the entrance fee is not refundable as of the resident's designated occupancy date or actual date of occupancy, whichever is earlier. Under the refundable contracts, residents pay a higher entrance fee in order to guarantee a specific percentage refund of the entrance fee upon termination of the residency agreement. Payment of an entrance fee refund is contingent upon termination of occupancy and a successor resident taking possession of the original residential unit.

The nonrefundable entrance fees are classified as deferred revenue and are recognized as revenue on a straight-line basis over each individual resident's, or couple's, expected remaining life, adjusted annually (time-based measurement).

Refundable entrance fees are recorded in the accompanying balance sheets as current liabilities. Remaining life expectancies are determined based on current actuarial data specific to CCRC residents. Upon termination of a contract through death or withdrawal after occupancy, any unamortized, nonrefundable deferred entrance fee is recorded as income.

The gross amounts of refund obligations are summarized below and are categorized as refundable entrance fees and standard entrance fees. The contingent refundable entrance fees are fixed in their amounts but are refundable upon termination of occupancy and the receipt of a successor entrance fee. Standard entrance fees are refundable upon termination of occupancy and the receipt of a successor entrance fee, and the amount of refund is based upon the length of stay in the community.

Contingent refundable entrance fee liability represents an entrance fee which is refunded only upon termination of occupancy and reoccupancy by a subsequent resident. Entrance fees – deferred revenue represents the unamortized portion of the nonrefundable entrance fees.

Opening and closing balances in deferred revenue from entrance fees were as follows:

|                                 | Deferred Revenue from<br>Entrance Fees |
|---------------------------------|----------------------------------------|
| Balance as of January 1, 2024   | \$ 339,806,377                         |
| Balance as of December 31, 2024 | 335,619,859                            |
| Balance as of December 31, 2025 | 332,766,439                            |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A summary of net entrance fees is as follows at December 31:

|                                         | <u>2025</u>               | <u>2024</u>               |
|-----------------------------------------|---------------------------|---------------------------|
| Entrance Fees - Refundable              | \$ 2,133,556              | \$ 5,584,436              |
| Contingent Refundable Entrance Fees     | 120,308,906               | 135,549,148               |
| Entrance Fees - Deferred Revenue:       |                           |                           |
| 25% to 90% Refundable Contracts         | 7,434,384                 | 7,100,983                 |
| Standard Entrance Fee Option Contracts: |                           |                           |
| Five-Year Contracts                     | 144,487,503               | 178,697,148               |
| Nine-Year Contracts                     | 474,099                   | 633,668                   |
| Fifty-Month Contracts                   | 57,095,289                | 6,979,390                 |
| Nonrefundable                           | <u>832,702</u>            | <u>1,075,086</u>          |
| Total Entrance Fees - Deferred Revenue  | <u>210,323,977</u>        | <u>194,486,275</u>        |
| <br>Total Entrance Fees                 | <br><u>\$ 332,766,439</u> | <br><u>\$ 335,619,859</u> |

Asbury Atlantic also records resident services revenue related to resident room and board, which, depending upon the facility and contract type, could also include housekeeping, laundry, and dining services. Revenue for physical, occupational, and speech therapy, as well as health, personal care, and social ancillary charges, is also recorded. Revenue is recognized when services are performed.

CE offers rental agreements in which residents agree to pay an annual rent due in monthly installments. Revenue is recognized over time in accordance with the terms of the rental agreements.

The composition of resident services by primary payor is as follows at December 31:

|                                 | <u>2025</u>           | <u>2024</u>           |
|---------------------------------|-----------------------|-----------------------|
| Medicaid                        | \$ 16,610,028         | \$ 16,634,451         |
| Medicare                        | 16,237,445            | 16,576,722            |
| Managed Care                    | 1,203,491             | 1,112,669             |
| Private Pay                     | <u>127,647,985</u>    | <u>119,119,862</u>    |
| Total Resident Services Revenue | <u>\$ 161,698,949</u> | <u>\$ 153,443,704</u> |

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident Services Revenue (Continued)**

The composition of resident services revenue based on its service lines, method of reimbursement, and timing of revenue recognition are as follows at December 31:

| 2025                                  |                                |                          |                      |                      |                                   |                       |
|---------------------------------------|--------------------------------|--------------------------|----------------------|----------------------|-----------------------------------|-----------------------|
|                                       | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Bethany<br>Village   | Springhill           | Asbury<br>Chandler<br>Estate, LLC | Total                 |
| Service Lines:                        |                                |                          |                      |                      |                                   |                       |
| Skilled Nursing Facility              | \$ 30,944,643                  | \$ 6,357,084             | \$ 12,758,427        | \$ 10,906,142        | \$ -                              | \$ 60,966,296         |
| Assisted Living                       | 16,605,792                     | 2,484,970                | 10,226,222           | 2,449,592            | 2,047,102                         | 33,813,678            |
| Independent Living                    | 33,797,216                     | 12,104,098               | 11,940,792           | 6,811,703            | 1,507,620                         | 66,161,429            |
| Retail Sales                          | 206,258                        | 78,696                   | 220,918              | 251,674              | -                                 | 757,546               |
| Total                                 | <u>\$ 81,553,909</u>           | <u>\$ 21,024,848</u>     | <u>\$ 35,146,359</u> | <u>\$ 20,419,111</u> | <u>\$ 3,554,722</u>               | <u>\$ 161,698,949</u> |
| Method of Reimbursement:              |                                |                          |                      |                      |                                   |                       |
| Fee for Services                      | \$ 81,347,651                  | \$ 20,946,152            | \$ 34,925,441        | \$ 20,167,437        | \$ 3,554,722                      | \$ 160,941,403        |
| Retail Sales                          | 206,258                        | 78,696                   | 220,918              | 251,674              | -                                 | 757,546               |
| Total                                 | <u>\$ 81,553,909</u>           | <u>\$ 21,024,848</u>     | <u>\$ 35,146,359</u> | <u>\$ 20,419,111</u> | <u>\$ 3,554,722</u>               | <u>\$ 161,698,949</u> |
| Timing of Revenue and<br>Recognition: |                                |                          |                      |                      |                                   |                       |
| Health Care Services                  |                                |                          |                      |                      |                                   |                       |
| Transferred Over Time                 | \$ 81,347,651                  | \$ 20,946,152            | \$ 34,925,441        | \$ 20,167,437        | \$ 3,554,722                      | \$ 160,941,403        |
| Sales at Point in Time                | 206,258                        | 78,696                   | 220,918              | 251,674              | -                                 | 757,546               |
| Total                                 | <u>\$ 81,553,909</u>           | <u>\$ 21,024,848</u>     | <u>\$ 35,146,359</u> | <u>\$ 20,419,111</u> | <u>\$ 3,554,722</u>               | <u>\$ 161,698,949</u> |
| 2024                                  |                                |                          |                      |                      |                                   |                       |
|                                       | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Bethany<br>Village   | Springhill           |                                   | Total                 |
| Service Lines:                        |                                |                          |                      |                      |                                   |                       |
| Skilled Nursing Facility              | \$ 32,259,475                  | \$ 6,220,644             | \$ 12,579,599        | \$ 10,146,546        |                                   | \$ 61,206,264         |
| Assisted Living                       | 15,247,999                     | 2,418,077                | 9,931,480            | 2,211,799            |                                   | 29,809,355            |
| Independent Living                    | 32,204,621                     | 11,533,037               | 11,595,443           | 6,299,774            |                                   | 61,632,875            |
| Retail Sales                          | 219,733                        | 72,784                   | 262,078              | 240,615              |                                   | 795,210               |
| Total                                 | <u>\$ 79,931,828</u>           | <u>\$ 20,244,542</u>     | <u>\$ 34,368,600</u> | <u>\$ 18,898,734</u> |                                   | <u>\$ 153,443,704</u> |
| Method of Reimbursement:              |                                |                          |                      |                      |                                   |                       |
| Fee for Services                      | \$ 79,712,095                  | \$ 20,171,758            | \$ 34,106,522        | \$ 18,658,119        |                                   | \$ 152,648,494        |
| Retail Sales                          | 219,733                        | 72,784                   | 262,078              | 240,615              |                                   | 795,210               |
| Total                                 | <u>\$ 79,931,828</u>           | <u>\$ 20,244,542</u>     | <u>\$ 34,368,600</u> | <u>\$ 18,898,734</u> |                                   | <u>\$ 153,443,704</u> |
| Timing of Revenue and<br>Recognition: |                                |                          |                      |                      |                                   |                       |
| Health Care Services                  |                                |                          |                      |                      |                                   |                       |
| Transferred Over Time                 | \$ 79,712,095                  | \$ 20,171,758            | \$ 34,106,522        | \$ 18,658,119        |                                   | \$ 152,648,494        |
| Sales at Point in Time                | 219,733                        | 72,784                   | 262,078              | 240,615              |                                   | 795,210               |
| Total                                 | <u>\$ 79,931,828</u>           | <u>\$ 20,244,542</u>     | <u>\$ 34,368,600</u> | <u>\$ 18,898,734</u> |                                   | <u>\$ 153,443,704</u> |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contract Costs**

The Company has applied the practical expedient provided by Financial Accounting Standards Board (FASB) *Accounting Standards Codification* 340-40-25-4 and all incremental resident contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less in duration.

**Benevolent Care**

Asbury Atlantic's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as benevolent care. Because Asbury Atlantic does not pursue collection of amounts determined to qualify as benevolent care, they are not reflected as revenue in the accompanying financial statements. Benevolent care provided to residents for the years ended December 31, 2025 and 2024 was \$2,468,097 and \$3,086,426, respectively.

**Occupancy Percentages**

During the years ended December 31, 2025 and 2024, the occupancy percentages and the percentages of Skilled Nursing Center (SNF) residents covered under the Medicaid program, Medicare program, and private pay and other were as follows:

|                                        | 2025            |            |                          |                       | 2024            |            |                          |                       |
|----------------------------------------|-----------------|------------|--------------------------|-----------------------|-----------------|------------|--------------------------|-----------------------|
|                                        | Bethany Village | Springhill | Asbury Methodist Village | Asbury Solomons, Inc. | Bethany Village | Springhill | Asbury Methodist Village | Asbury Solomons, Inc. |
| Total Skilled Nursing Center Occupancy | 95%             | 96%        | 89%                      | 76%                   | 96%             | 92%        | 95%                      | 74%                   |
| Medicaid                               | 27%             | 49%        | 48%                      | 45%                   | 26%             | 46%        | 46%                      | 37%                   |
| Medicare                               | 8%              | 7%         | 27%                      | 17%                   | 8%              | 3%         | 29%                      | 15%                   |
| Private Pay and Other                  | 65%             | 44%        | 25%                      | 38%                   | 66%             | 51%        | 25%                      | 48%                   |

**COVID-19 Funds**

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic had significant effects on global markets, supply chains, businesses, and communities.

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Additionally, the U.S. Department of Homeland Security made available emergency relief grant funds through the Federal Emergency Management Agency (FEMA). Total grant funds approved and received by the Company for the years ended December 31, 2025 and 2024 was \$2,273,537 and \$-0-, respectively. The PRF and FEMA funds are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**COVID-19 Funds (Continued)**

At December 31, 2025, the Company recognized \$2,186,886 as other operating revenue and at December 31, 2024, the Company reduced other operating revenue by \$2,058 in the statements of operations and changes in net assets (deficit). At December 31, 2025 and 2024, the Company recognized \$236,998 and \$512,559, respectively, as deferred revenue in the balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2025 and 2024.

**Contributions**

Unconditional promises to give cash and other assets to Asbury Atlantic are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, these net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations and changes in net deficit as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying statements of operations and changes in net deficit. Net assets with donor restrictions that are permanent in nature represent donor-restricted endowments to be held in perpetuity.

**Funds Held in Trust.**

The Company has received as contributions various types of split-interest obligations, including perpetual trusts. Under the perpetual trust agreements, the Company has recorded the asset and recognized permanently restricted contribution revenue at the fair market value of their beneficial interest in the trust assets. Income earned on the trust assets and distributed to the Company is recorded as investment income on the statements of operations, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as unrealized gain (loss) or investment income, net based on donor intent.

**Obligations Under Charitable Gift Annuities**

Under the charitable gift annuity agreements, the Company has recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Company to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as net assets without donor restrictions or net assets with donor restrictions. Subsequent changes in the valuation of the charitable gift annuities are recorded as a change in value of obligations under charitable gift annuities within net assets without donor restrictions and net assets with donor restrictions.

**Net Asset Transfer**

The Company recognized a net asset transfer related to the January 1, 2025 membership interest transfer with CE. The transaction was recognized in accordance with ASC 805-50 – *Business Combinations – Related Issues* for transfers of net assets between entities under common control. The Company did not pay any consideration as part of the transfer.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Asset Transfer (Continued)**

The following amounts were recorded at book value on the transfer date:

|                                        |                             |
|----------------------------------------|-----------------------------|
| Cash and Cash Equivalents              | \$ 1,355,990                |
| Accounts Receivable, Net               | 26,967                      |
| Other Receivables and Prepaid Expenses | 62,556                      |
| Property and Equipment, Net            | 9,659,242                   |
| Right-Of-Use Assets - Operating Leases | 17                          |
| Right-Of-Use Assets - Finance Leases   | 23,090                      |
| Intangible Assets                      | 537,500                     |
| Valuation of Derivative Instrument     | 991,869                     |
| Total                                  | <u><u>\$ 12,657,231</u></u> |
|                                        |                             |
| Accounts Payable and Accrued Expenses  | \$ 25,888                   |
| Accrued Compensation and Related Items | 58,461                      |
| Accrued Interest                       | 10,425                      |
| Due to ACOMM, Net                      | 4,271,482                   |
| Long-Term Debt, Net                    | 6,379,845                   |
| Deposits from Prospective Residents    | 243,017                     |
| Deferred Revenue                       | 4,553                       |
| Lease Liabilities - Operating Leases   | 17                          |
| Lease Liabilities - Finance Leases     | 23,290                      |
| Net Assets Without Donor Restrictions  | 1,640,253                   |
| Total                                  | <u><u>\$ 12,657,231</u></u> |

**Net Assets (Deficit) and Endowment Funds**

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

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

*Net Assets With Donor Restrictions* – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Company has adopted an enacted version of the *Uniform Prudent Management of Institutional Funds Act*, which requires enhanced disclosures for all endowment funds. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Deficit) and Endowment Funds (Continued)**

Net assets with donor restrictions that are temporary in nature consist of assets held on behalf of Asbury Atlantic, Inc. by AFOUND and BV. The temporary restricted net assets fulfill donor intent by providing for programs, equipment and other health and educational services based on donor designation.

Net assets with donor restrictions that are perpetual in nature are amounts held by AFOUND and BV for the benefit of Asbury Atlantic, Inc. The objectives of these net assets are providing long-term growth of capital and maximizing the return on assets over the long-term while diversifying investments within asset classes to reduce the impact of losses in single investments. The income from these net assets can be unrestricted or temporarily restricted based on donor intent to primarily support benevolent care and other services based on donor designation.

**Income from Operations**

The accompanying statements of operations and changes in net assets (deficit) include income from operations, which is the Company's performance indicator. Changes in net deficit without donor restrictions, which are excluded from income from operations, consistent with industry practice, include unrealized gains and losses on fixed income securities and other investments, net assets released from restriction used for purchase of capital items, and permanent transfers of assets to and from related parties for other than goods and services.

**Tax Status**

Asbury Atlantic members are each exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC); accordingly, no provision for income taxes is required as there are no unrelated trades or businesses.

ACOMM has implemented processes to ensure compliance with the Internal Revenue Service's intermediate sanctions provisions for all its supported organizations, including Asbury Atlantic. This includes an independent review by the compensation committee of the board of all compensation arrangements with disqualified persons and outside compensation consultants to provide independent third-party review and advisement, and the implementation of a detailed conflict-of-interest policy and annual disclosure process for all disqualified persons. The compensation committee also hires outside counsel to advise the Company on compliance.

The tax benefit from an uncertain tax position must be recognized only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company's reassessment of its tax positions did not have a material impact on the Company's results of operations or financial position.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Status (Continued)**

The Company's income tax return is subject to review and examination by federal, state, and local authorities. The Company is not aware of any activities that would jeopardize its tax-exempt status.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable.

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company is able to classify fair value balances based on the observability of those inputs.

The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and net income.

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Company emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Level 3 – Inputs that are unobservable inputs for the asset or liability. These inputs reflect assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances, including assumptions developed by the reporting entity, estimated term and timing of future distributions, or information provided by third parties, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. The Company has determined that there would be no impact to the accompanying financial statements as a result of the application of this standard. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Company also adopted the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Company has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

**Functional Allocation of Expenses**

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 16, 2026, the date the financial statements were issued.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 3 LIQUIDITY AND AVAILABILITY**

As of December 31, 2025 and 2024, the Company has working capital of \$72,775,262 and \$48,954,634, respectively.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|                                       | 2025                  | 2024                 |
|---------------------------------------|-----------------------|----------------------|
| Cash and Cash Equivalents             | \$ 8,659,600          | \$ 8,332,523         |
| Investments                           | 69,355,804            | 43,484,907           |
| Accounts Receivable, Net              | 5,521,058             | 6,177,308            |
| Other Receivables                     | 7,316,154             | 10,862,056           |
| Investments Held Under Bond Indenture | 9,549,047             | 9,553,877            |
| Total Financial Assets                | <u>\$ 100,401,663</u> | <u>\$ 78,410,671</u> |

The Company has certain investments, including the current portion of investments held under bond indenture, which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Company has other assets limited to use for board-restricted purposes, statutory liquid reserves, and noncurrent portion of investments held under bond indenture. These assets limited to use, which are more fully described in Note 6, are not available for general expenditure within the next year and are not reflected in the amounts above. However, the board-designated amounts could be made available, if necessary.

**NOTE 4 REGULATORY ENVIRONMENT**

**Medicare and Medicaid**

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Asbury Atlantic believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegation of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

*Medicare Reimbursement*

The Centers for Medicare and Medicaid Services (CMS) utilize the Patient Driven Payment Model (PDPM) Medicare reimbursement system. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Medicare and Medicaid (Continued)**

*Medicare Reimbursement (Continued)*

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

*Maryland Medicaid Reimbursement*

Under the Maryland Medical Assistance Program (Maryland Medicaid), a facility's resident care day rate is comprised of four cost centers: (1) administrative and routine (i.e. administration, training, laundry, housekeeping), (2) other patient care (i.e. pharmacy, food, social services, recreation), (3) capital (i.e. real estate tax and fair rental value), and (4) nursing services (all direct care).

Maryland Medicaid calculates annual regional prices on a state fiscal year basis for administrative and routine costs as well as other patient care costs. Facility-specific capital rates are set based on real estate taxes and fair rental value. These rates generally remain constant throughout the year. Nursing service rates are adjusted quarterly to capture fluctuations in residents' acuity based on the Minimum Data Set assessment tool. If a facility's case mix increases at a higher rate than the statewide average, its nursing services rate increases.

*Pennsylvania Medicaid Reimbursement*

The Commonwealth of Pennsylvania pays nursing facilities a prospective daily rate for Medical Assistance residents (Pennsylvania Medicaid). The daily rate is set annually based on data in the three most recently filed cost reports. The rate consists of three net operating components (resident care, other resident-related, and administrative) and one capital component. The net operating components are based upon the facilities' actual net operating costs per day and limited by peer group ceilings. Resident-care operating costs are adjusted to reflect the acuity level of the facility's residents through a case mix index. The case mix index is measured quarterly and the annual rate is adjusted for any changes on a quarterly basis.

The Commonwealth of Pennsylvania updates payment rates to nursing homes on July 1 of each year. The rates are scheduled to be updated each quarter for the most recent case-mix index for a home's Pennsylvania Medicaid residents and rebased annually on July 1 of each year. The Company has utilized actual rates in the preparation of the financial statements.

The capital component is based upon the facilities' fair rental value. The daily rate paid to the nursing facility is considered payment in full with no end-of-year settlements.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Health Care**

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Company's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Company. In addition, the contracts the Company has with commercial payors also provide for retroactive audit and review of claims.

**Other**

The Company participates in a system wide Voluntary Compliance Program instituted by ACOMM. This program is based on the elements of an effective program identified by the Office of Inspector General of the Department of Health and Human Services. The program includes a dedicated compliance officer, board oversight, written policies and procedures, a code of conduct, continuous education, periodic auditing, and an associate hotline.

**Pennsylvania Department of Insurance Reserve Requirements**

On a calendar year basis, BV and SH are required by the Continuing Care Provider Registrations and Disclosure Act of 1984 to maintain a working capital reserve equivalent to the greater of the total of debt service payments due during the next 12 months on account of any loans or 10% of the projected annual operating expenses, exclusive of depreciation and amortization, computed only on the proportional share of financing or operating expenses that is applicable to residents of BV and SH under continuing-care agreements.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Pennsylvania Department of Insurance Reserve Requirements (Continued)**

The statutory minimum liquid reserve requirement for BV as of December 31, 2025 and 2024 is \$4,780,926 and \$4,515,860, respectively, and is based on the projected annual debt service requirements for BV. The statutory minimum liquid reserve requirement as of December 31 for BV is as follows:

|                                                   | 2025                | 2024                |
|---------------------------------------------------|---------------------|---------------------|
| Projected Annual Interest Expense                 | \$ 3,517,670        | \$ 3,693,393        |
| Principal Payments Due on Long-Term Debt          | 3,364,331           | 2,803,313           |
| Liquid Reserve Requirement                        | 6,882,001           | 6,496,706           |
| Projected Annual Operating Expenses               | 36,266,732          | 35,572,572          |
| Minimum Rate                                      | 10%                 | 10%                 |
| Liquid Reserve Requirement                        | 3,626,673           | 3,557,257           |
| Maximum Liquid Reserve Requirement                | 6,882,001           | 6,496,706           |
| Approximate Percentage of Continuing Care Clients | 69%                 | 70%                 |
| Statutory Minimum Liquid Reserve                  | <u>\$ 4,780,926</u> | <u>\$ 4,515,860</u> |

The statutory minimum liquid reserve requirement for SH as of December 31, 2025 and 2024 is \$1,309,105 and \$1,250,157 respectively. The 2025 reserve is based on the projected annual debt service requirements for SH, and the 2024 reserve is based on 10% of the projected annual operating expenses exclusive of depreciation and amortization. The statutory minimum liquid reserve requirement as of December 31 for SH is as follows:

|                                                   | 2025                | 2024                |
|---------------------------------------------------|---------------------|---------------------|
| Projected Annual Interest Expense                 | \$ 1,156,204        | \$ 1,071,752        |
| Principal Payments Due on Long-Term Debt          | 1,019,834           | 814,787             |
| Liquid Reserve Requirement                        | 2,176,038           | 1,886,539           |
| Projected Annual Operating Expenses               | 21,326,032          | 20,725,422          |
| Minimum Rate                                      | 10%                 | 10%                 |
| Liquid Reserve Requirement                        | 2,132,603           | 2,072,542           |
| Maximum Liquid Reserve Requirement                | 2,176,038           | 2,072,542           |
| Approximate Percentage of Continuing Care Clients | 60%                 | 60%                 |
| Statutory Minimum Liquid Reserve                  | <u>\$ 1,309,105</u> | <u>\$ 1,250,157</u> |

In accordance with Pennsylvania Statute, entrance fee deposits in excess of 5% of the total entrance fee are held in a third-party escrow account. The entrance fee deposit is released when the living unit is available for occupancy and prospective resident pays the remaining balance of the full entrance fee.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**State of Maryland Statutory Reserves**

The state of Maryland requires Asbury Atlantic to set aside reserves equal to 25% of its net operating expenses (as defined) for the most recent fiscal year. As of December 31, 2025 and 2024, AMV and AS are in compliance with the reserve requirement. The total amount reserved for AMV is as follows as of December 31:

|                                                                                           | <u>2025</u>              | <u>2024</u>              |
|-------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Maryland Department of Aging Reserves:                                                    |                          |                          |
| Operating Expenses                                                                        | \$ 98,264,582            | \$ 96,947,950            |
| Less: Depreciation and Amortization Expense                                               | (17,238,386)             | (17,611,664)             |
| Interest Expense                                                                          | (4,862,440)              | (5,169,317)              |
| Net Operating Expenses                                                                    | <u>\$ 76,163,756</u>     | <u>\$ 74,166,969</u>     |
| <br>Total Operating Reserve (25% of Net Operating Expenses)                               | <br><u>\$ 19,040,939</u> | <br><u>\$ 18,541,742</u> |
| <br>Required Reserves for the Year Ended December 31<br>(100% of Total Operating Reserve) | <br><u>\$ 19,040,939</u> | <br><u>\$ 18,541,742</u> |
| <br>Cash and Marketable Securities Available for<br>Operating Reserve                     | <br><u>\$ 19,040,939</u> | <br><u>\$ 18,541,742</u> |

The total amount reserved for AS is as follows as of December 31:

|                                                                                           | <u>2025</u>             | <u>2024</u>             |
|-------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Maryland Department of Aging Reserves:                                                    |                         |                         |
| Operating Expenses                                                                        | \$ 22,877,123           | \$ 22,291,998           |
| Less: Depreciation and Amortization Expense                                               | (3,689,774)             | (3,484,698)             |
| Interest Expense                                                                          | (783,697)               | (863,816)               |
| Net Operating Expenses                                                                    | <u>\$ 18,403,652</u>    | <u>\$ 17,943,484</u>    |
| <br>Total Operating Reserve (25% of Net Operating Expenses)                               | <br><u>\$ 4,600,913</u> | <br><u>\$ 4,485,871</u> |
| <br>Required Reserves for the Year Ended December 31<br>(100% of Total Operating Reserve) | <br><u>\$ 4,600,913</u> | <br><u>\$ 4,485,871</u> |
| <br>Cash and Marketable Securities Available for<br>Operating Reserve                     | <br><u>\$ 4,600,913</u> | <br><u>\$ 4,485,871</u> |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 5 CONCENTRATION OF CREDIT RISK**

Asbury Atlantic grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows as of December 31:

|                                              | 2025         | 2024         |
|----------------------------------------------|--------------|--------------|
| Private Pay                                  | 43 %         | 42 %         |
| Medicaid                                     | 28           | 23           |
| Medicare                                     | 13           | 21           |
| Other (Primarily Managed Care and Insurance) | 16           | 14           |
| Total                                        | <u>100 %</u> | <u>100 %</u> |

**NOTE 6 INVESTMENTS**

Asbury Atlantic's proportional share of the ACOMM investment portfolios, including assets whose use is limited and investments restricted by the board consisted of the following as of December 31:

|                                           | 2025                 | 2024                 |
|-------------------------------------------|----------------------|----------------------|
| Investments:                              |                      |                      |
| Cash and Short-Term Investments           | \$ 1,262,274         | \$ 565,304           |
| Fixed-Income Securities and Mutual Funds  | 13,683,887           | 12,854,139           |
| Equity Securities and Equity Mutual Funds | 54,377,259           | 29,799,415           |
| Alternative Investments                   | 32,384               | 266,049              |
| Total Investments                         | <u>\$ 69,355,804</u> | <u>\$ 43,484,907</u> |
| Investments Restricted by Donors:         |                      |                      |
| Cash and Short-Term Investments           | \$ 39,374            | \$ 34,190            |
| Fixed-Income Securities and Mutual Funds  | 5,600,399            | 4,863,296            |
| Equity Securities and Equity Mutual Funds | 10,756,077           | 9,340,405            |
| Total Investments Restricted by Donors    | <u>\$ 16,395,850</u> | <u>\$ 14,237,891</u> |
| Investments Held under Bond Indenture:    |                      |                      |
| Cash and Short-Term Investments           | <u>\$ 26,405,487</u> | <u>\$ 26,403,572</u> |
| Statutory Reserves:                       |                      |                      |
| Cash and Short-Term Investments           | <u>\$ 29,731,883</u> | <u>\$ 28,793,630</u> |
| Investments Restricted by Board:          |                      |                      |
| Cash and Short-Term Investments           | \$ 107,413           | \$ 69,159            |
| Fixed-Income Securities and Mutual Funds  | 1,164,425            | 1,572,578            |
| Equity Securities and Equity Mutual Funds | 4,628,427            | 3,664,159            |
| Alternative Investments                   | 1,536                | 14,057               |
| Total Investments Restricted by Board     | <u>\$ 5,901,801</u>  | <u>\$ 5,319,953</u>  |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 6 INVESTMENTS (CONTINUED)**

Investments held under bond indenture are maintained for the following purposes as of December 31:

|                                     | 2025                 | 2024                 |
|-------------------------------------|----------------------|----------------------|
| Debt Service Fund                   | \$ 9,656,853         | \$ 10,300,566        |
| Debt Service Reserve Fund           | 16,748,634           | 16,103,006           |
| Total                               | 26,405,487           | 26,403,572           |
| Less: Current Portion               | (9,549,047)          | (9,553,877)          |
| Long-Term Portion of Bond Indenture | <u>\$ 16,856,440</u> | <u>\$ 16,849,695</u> |

The total return on investments, along with investments held under bond indenture, statutory reserves, and investments restricted by, including the change in the market value of derivative instruments, generated net board investment income and earnings for the years ended December 31, 2025 and 2024 as follows:

|                                                                                | 2025                 | 2024                 |
|--------------------------------------------------------------------------------|----------------------|----------------------|
| Included Within Asbury Atlantic's Performance Indicator:                       |                      |                      |
| Interest and Dividend Income, Net                                              | \$ 5,138,505         | \$ 5,826,139         |
| Net Realized Gain (Loss) on Investments                                        | (1,226,099)          | 9,633,955            |
| Net Unrealized Gain (Loss) on Equity Security Investments                      | 12,114,417           | (3,070,610)          |
| Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments | (1,283,860)          | 439,439              |
| Total                                                                          | 14,742,963           | 12,828,923           |
| Included in Other Changes in Net Deficit:                                      |                      |                      |
| Net Unrealized Gain on Fixed Income Securities and Other Investments           | 190,779              | 1,078,589            |
| Total                                                                          | <u>\$ 14,933,742</u> | <u>\$ 13,907,512</u> |

Interest and dividend income is presented net of capitalized interest income related to construction projects.

The Company engages professionals to advise on managing its investment portfolio within guidelines of ACOMM's board-approved investment policy. As the need arises, management reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the years ended December 31, 2025 and 2024, Asbury Atlantic did not identify any other than temporary declines in the fair value of investments.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF FOUNDATION**

AFOUND was established to solicit, receive, hold, invest, and reinvest donations and bequests, which are made primarily for the benefit of AMV, AS, SH, BV, CE, NR, RW, and Asbury Living. Asbury Atlantic's beneficial interest in the net assets of AFOUND was \$36,193,749 and \$35,166,561 as of December 31, 2025 and 2024, respectively. The balance sheets of AFOUND consisted of the following at December 31:

| <b>ASSETS</b>                               | <u>2025</u>          | <u>2024</u>          |
|---------------------------------------------|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                       |                      |                      |
| Cash and Cash Equivalents                   | \$ 484,161           | \$ 15,161            |
| Pledges Receivable, Net                     | 476,417              | 974,654              |
| Prepaid Expenses and Other Assets           | <u>87,733</u>        | <u>57,092</u>        |
| Total Current Assets                        | 1,048,311            | 1,046,907            |
| <b>PROPERTY AND EQUIPMENT</b>               |                      |                      |
| Property and Equipment, Net                 | 59,609               | 80,678               |
| Investments Restricted by Donor             | 49,954,109           | 44,237,078           |
| Pledge Receivable, Net                      | 14,653,217           | 11,593,802           |
| Long-Term Investments                       | 1,200,000            | 1,200,000            |
| Funds Held in Trust                         | <u>3,209,160</u>     | <u>2,719,711</u>     |
| Total Assets                                | <u>\$ 70,124,406</u> | <u>\$ 60,878,176</u> |
| <b>LIABILITIES AND NET ASSETS</b>           |                      |                      |
| <b>LIABILITIES</b>                          |                      |                      |
| Accounts Payable and Accrued Expenses       | \$ 13,348            | \$ 167,100           |
| Due to ACOMM, Net                           | 26,587,288           | 18,227,891           |
| Obligations under Charitable Gift Annuities | <u>4,315,927</u>     | <u>4,065,062</u>     |
| Total Liabilities                           | 30,916,563           | 22,460,053           |
| <b>NET ASSETS</b>                           |                      |                      |
| With Donor Restrictions                     | <u>39,207,843</u>    | <u>38,418,123</u>    |
| Total Net Assets                            | <u>39,207,843</u>    | <u>38,418,123</u>    |
| Total Liabilities and Net Assets            | <u>\$ 70,124,406</u> | <u>\$ 60,878,176</u> |

AFOUND's investments, stated at fair value, consist primarily of cash, bonds or bond mutual funds and equity securities or equity mutual funds. Assets held under charitable gift annuities consist of funds contributed to trusts managed by AFOUND, with the stipulation that specified distributions, primarily based on the income generated by the invested funds, be distributed to a life beneficiary specified by the donor. The obligations under charitable gift annuities are based on the net present value of future payments to the beneficiary based on the discount rate that estimates the remaining life of the benefactor. Upon the death of the life beneficiary, the existing funds will be available for use by AMV, AS, SH, BV, CE, NR, RW, and Asbury Living.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 8 OBLIGATION UNDER CHARITABLE GIFT ANNUITIES**

BV is the beneficiary of various charitable gift annuities created by donors, the assets for which are managed by AFOUND. BV has legally enforceable rights on claims to such assets after the donor's or current beneficiary's death. The present value of these obligations, based on the donor's or current beneficiary's life expectancy, is recorded as a permanently restricted net asset.

Obligations related to charitable gift annuities issued by AFOUND and BV are recorded at the present value of the future interest payments based on the donor's life expectancy. Amounts donated in excess of the liability are recorded as donations with restrictions in the statements of operations and changes in net deficit. The present value of the liability is calculated using the five-year United States Treasury Bond rate. This rate was 3.73% and 4.37% at December 31, 2025 and 2024, respectively. Changes in the present value of the accompanying obligation are shown as changes in values of charitable gift annuities in the statements of operations and changes in net deficit.

**NOTE 9 PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at December 31:

|                                | 2025                  | 2024                  |
|--------------------------------|-----------------------|-----------------------|
| Land and Improvements          | \$ 52,130,570         | \$ 49,396,032         |
| Buildings and Improvements     | 579,582,488           | 572,046,371           |
| Furniture and Equipment        | 65,123,587            | 64,538,292            |
| Construction in Progress       | 3,601,703             | 824,641               |
| Total                          | 700,438,348           | 686,805,336           |
| Less: Accumulated Depreciation | (424,817,741)         | (413,832,324)         |
| Property and Equipment, Net    | <u>\$ 275,620,607</u> | <u>\$ 272,973,012</u> |

For the year ended December 31, 2025, construction in progress included renovations at the BV campus which are expected to be completed in 2026.

Depreciation expense on property and equipment was \$28,612,545 and \$28,534,006 for the years ended December 31, 2025 and 2024, respectively.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 10 RELATED PARTY TRANSACTIONS**

**Due to/from ACOMM**

ACOMM and its affiliates use consolidated cash management and payroll functions to make the process of receiving and disbursing cash more efficient. In order to allocate the appropriate amounts between the affiliates, ACOMM utilizes intercompany accounts to move funds between the affiliates. During the year, these intercompany accounts will fluctuate in order to reflect changes in cash flow, outstanding checks, or other cash movements between affiliates. However, in addition to the daily fluctuations, the intercompany accounts will also reflect the cumulative effect of the following types of transactions:

- Accrued Salaries and Paid Time Off (PTO) – By utilizing the payroll function, all salaries and withholdings are processed through ACOMM. ACOMM recognizes employee compensation, including salaries and PTO for eligible associates in a cash value plan when the related services are performed. Accrued salaries and PTO are calculated, tracked and recognized as liabilities of ACOMM to the extent that the associates have earned the wages and PTO for each payroll period. These accruals do not affect the cash of the affiliates until paid out to the employees and is not cleared out of the intercompany accounts until paid. The intercompany account then will retain an amount equal to the accumulated value of accrued salaries and unused PTO for each affiliate.
- Deferred Service Fees – From time to time, service fees may be deferred by ACOMM to its affiliates in order to meet bond covenant requirements. These fees can be recouped by ACOMM in subsequent periods when financial performance warrants reducing or eliminating the deferral. The cumulative effect of these deferrals will be included in the affiliate intercompany account. For 2025 and 2024, no service fees were deferred in order to maintain bond covenant compliance.

Longer term advances from one affiliate to another are subject to repayment terms agreed to by governing boards of both affiliates. These advances are accounted for in the intercompany accounts.

- Cash Management – Entities supported by ACOMM share a common cash management function. Operating cash of the group is swept as needed to accommodate investment of excess cash flow. Operating cash payments, including borrowings and payments of intercompany loans and balances, are made through the same sweep account. At any time, depending upon the timing of receipts, disbursements and other investment activity, members of the group may temporarily overdraw their share of the common operating cash. Cumulative positive cash flow levels will periodically be transferred to more permanent investment vehicles of the respective affiliate's books. The balance of cash and cash equivalents includes Asbury Atlantic's share of the common operating cash and amounts held in their individual checking and savings accounts, money market accounts, and short-term certificates of deposit with original maturities of 90 days or less. Cash balances are principally uninsured and subject to normal credit risk.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Due to/from ACOMM (Continued)**

ACOMM is the conduit for all intercompany transactions; accordingly, due to and due from accounts from the affiliate point of view will always be either due to or due from ACOMM. All intercompany accounts bear interest at short-term interest rates and are uncollateralized.

AMV and AS have combined as an obligated group for purposes of debt issuance and related obligations. Accordingly, AMV and AS, as an obligated group, are jointly and severally obliged to meet all debt service requirements for the Asbury Maryland Obligated Group (MD Obligated Group). BV and SH have also been combined as an obligated group for purposes of debt issuance and related obligations. Accordingly, BV and SH, as an obligated group, are jointly and severally obliged to meet all debt service requirements for the Asbury Non-Maryland Obligated Group (PA Obligated Group).

**Service Fees**

Asbury Atlantic received services from ACOMM under a service agreement at a cost of \$20,061,111 and \$20,059,880 in 2025 and 2024, respectively. Included in the services is an information technology fee. Service fees are allocated to all affiliates based upon a pro rata share of revenues. The payment of service fees to ACOMM is subordinate to all obligations of Asbury Atlantic under all of Asbury Atlantic's secured loan agreements.

Asbury Atlantic has various service agreements with Albright to receive pharmacy services for the benefit of the residents at AMV, AS, BV, SH and CE campuses. Albright submits monthly invoices to Asbury Atlantic for all products and services under the agreements. The term of the agreements will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to AMV and AS for the years ended December 31, 2025 and 2024 was \$1,153,857 and \$1,158,055, respectively. The total cost of pharmacy services provided to BV and SH for the years ended December 31, 2025 and 2024 was \$333,789 and \$322,416, respectively. The total cost of pharmacy services provided to CE for the year ended December 31, 2025 was \$417.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 LONG-TERM DEBT**

Long-term debt consisted of the following:

|                                                 | Interest Rate               | Maturity Dates | 2025           | 2024           |
|-------------------------------------------------|-----------------------------|----------------|----------------|----------------|
| Asbury Chandler Estate, LLC Loan                | Variable Rates              | 2022 - 2041    | \$ 6,175,632   | \$ -           |
| Series 2022A PA Bonds                           | Variable Rate Revenue Bonds | 2025 - 2037    | 16,416,016     | 17,539,084     |
| Series 2022A MD Bonds                           | Fixed Rate Revenue Bonds    | 2037 - 2042    | 40,000,000     | 40,000,000     |
| Series 2021A PA Bonds                           | Fixed Rate Revenue Bonds    | 2034 - 2041    | 27,235,000     | 27,235,000     |
| Series 2021B PA Bonds                           | Variable Rate Revenue Bonds | 2022 - 2034    | 16,190,000     | 17,225,000     |
| Series 2019B MD Bonds                           | Variable Rate Revenue Bonds | 2019 - 2027    | 3,456,000      | 3,639,000      |
| Series 2019 PA Bonds                            | Fixed Rate Revenue Bonds    | 2021 - 2045    | 49,115,000     | 51,145,000     |
| Series 2018A MD Bonds                           | Fixed Rate Revenue Bonds    | 2023 - 2036    | 68,505,000     | 73,390,000     |
| Series 2018B MD Bonds                           | Fixed Rate Revenue Bonds    | 2022 - 2027    | 4,350,000      | 7,075,000      |
| Subtotal                                        |                             |                | 231,442,648    | 237,248,084    |
| Unamortized Bond Premium/Discount on Bonds, Net |                             |                | 6,978,092      | 7,758,643      |
| Unamortized Bond Financing Costs                |                             |                | (3,439,070)    | (3,603,687)    |
| Current Portion Bonds Payable                   |                             |                | (12,831,843)   | (11,411,100)   |
| Total Bonds Payable                             |                             |                | 222,149,827    | 229,991,940    |
| Note Payable                                    |                             |                | 125,316        | 144,519        |
| Current Portion Note Payable                    |                             |                | (14,452)       | (20,257)       |
| Total Note Payable                              |                             |                | 110,864        | 124,262        |
| Total Long-Term Debt                            |                             |                | \$ 222,260,691 | \$ 230,116,202 |

**Asbury Chandler Estate, LLC Loan**

In November 2021, 1569 Teels Road, LLC obtained a loan in the amount of \$7,000,000 to fund a portion of the purchase price for mortgaged property located in Pen Argyl, PA, known as Chandler Estate. The loan is payable over 15 years and bears interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.870%.

**Series 2022A Pennsylvania (PA) Bonds**

In July 2022, the PA Obligated Group entered into a loan agreement with Cumberland County Municipal Authority (the Authority) pursuant to which the Authority issued the (Asbury Pennsylvania Obligated Group), Series 2022A Revenue Bonds, (the Series 2022A PA Bonds) in the aggregate principal amount of \$18,000,000. The Series 2022A PA Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.343%. The PA Obligated Group has hedged its interest rate exposure associated with the 2022A PA Bonds as described in Note 12 below. As of December 31, 2024, the full \$18,000,000 has been drawn down on the Series 2022A Bonds.

The proceeds of the Series 2022A PA Bonds were used to finance improvements at the Bethany Village and Springhill campuses.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**Series 2022 Maryland (MD) Bonds**

In May 2022, the MD Obligated Group entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the city sold the Series 2022 Bonds. From the proceeds, the MD Obligated Group borrowed \$40,000,000 of Economic Development Project Revenue Bonds Series 2022 (the Series 2022 MD Bonds), maturing on January 1, 2042. The Series 2022 Bonds are comprised of serial bonds at fixed rates between 4.50% and 5.125% with yields between 4.90% and 5.20%.

The proceeds of the Series 2022 MD Bonds were utilized to pay the costs of improving and renovating the facilities at the Asbury Methodist Village and Asbury Solomons facilities and to pay certain expenses incurred in connection with the issuance of the Series 2022 MD Bonds.

**Series 2021 Pennsylvania (PA) Bonds**

In June 2021, the PA Obligated Group and the Cumberland County Municipal Authority (the Authority) entered into certain agreements pursuant to which, among other things, the Authority agreed to issue the Series 2021A Bonds (2021A PA Bonds) and the Series 2021B Bonds (2021B PA Bonds) and, when issued, the Authority agreed to loan the proceeds thereof to the PA Obligated Group.

The Authority issued the 2021A PA Bonds and 2021B PA Bonds in October 2021.

The PA Obligated Group used a portion of the proceeds of the 2021A PA Bonds in the original par amount of \$27,235,000, together with (i) proceeds of a term loan from the bank in the original par amount of \$20,380,000 (2021 PA Term Loan), and (ii) other available funds, to refund all of the Authority's outstanding Series 2012 PA Bonds, the proceeds of which had been loaned by the Authority to the PA Obligated Group.

The PA Obligated Group also used proceeds from the 2021A Bonds to fund a debt service reserve fund for the 2021A PA Bonds and to pay certain expenses incurred in connection with the issuance of the 2021 PA Bonds. The 2021A PA Bonds bear interest at a fixed rate of 4.50% with yields between 3.85% and 4.00%. The bond agreements for the 2021A PA Bonds require other funds of the PA Obligated Group to be established and maintained by the bond trustee from time to time.

The PA Obligated Group used the proceeds from the 2021B PA Bonds in the original par amount of \$20,380,000 to repay in full the 2021 PA Term Loan.

The 2021B PA Bonds were directly purchased by an affiliate of the bank. The 2021B PA Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.41%. The PA Obligated Group has hedged its interest rate exposure associated with the 2021B PA Bonds as described in Note 12 below.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**Series 2019 Maryland (MD) Bonds**

In November 2019, the MD Obligated Group entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2019A and Series 2019B Bonds. From the proceeds, the MD Obligated Group borrowed \$16,009,000 of Economic Development Project and Refunding Revenue Bonds Series 2019 (the Series 2019 MD Bonds), which was comprised of \$11,009,000 of Series 2019A Bonds and \$5,000,000 of Series 2019B Bonds maturing on November 1, 2023 and November 1, 2027, respectively. The Series 2019 MD Bonds bear interest at an annual rate based on one-month SOFR plus a spread of 1.00%.

The proceeds of the Series 2019 MD Bonds were utilized to refund all of the Series 2009B MD Bonds, to pay the costs of improving and renovating the facilities at the Asbury Methodist Village location, and to pay certain expenses incurred in connection with the issuance of the Series 2019 MD Bonds.

**Series 2019 Pennsylvania (PA) Bonds**

In December 2019, the PA Obligated Group entered into a loan agreement with Cumberland County Municipal Authority (the Authority) pursuant to which the Authority sold the Series 2019 bonds. From the proceeds, the PA Obligated Group borrowed \$59,480,000 of Refunding Revenue Bonds Series 2019, (the Series 2019 PA Bonds). The Series 2019 PA Bonds are comprised of serial bonds at fixed rates between 2.5% and 5.0% with yields between 2.70% and 3.96%.

The proceeds of the Series 2019 PA Bonds were used to refund all of the Series 2010 PA Bonds, to fund the debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2019 PA Bonds.

**Series 2018 Maryland (MD) Bonds**

In October 2018, the MD Obligated Group entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2018A and Series 2018B Bonds. From the proceeds, the MD Obligated Group borrowed \$96,120,000 of Economic Development Project and Refunding Revenue Bonds Series 2018 (the Series 2018 MD Bonds), which was comprised of \$82,565,000 of Series 2018A Bonds and \$13,555,000 of Series 2018B Bonds. The Series 2018A Bonds bear interest at fixed rates between 4% and 5% and maturities range from January 1, 2023 to January 1, 2036. The Series 2018B Bonds bear interest at a fixed rate of 5.0% and mature on January 1, 2027.

The proceeds of the Series 2018 MD Bonds were utilized to refund all of the Series 2006A MD Bonds and the Series 2014A MD Bonds, to pay \$7,500,000 of the costs of improving and renovating the facilities at the Asbury Methodist Village location, to fund the debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2018 MD Bonds.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**Note Payable**

In October 2017, AMV entered into a management agreement with Sodexo Operations, LLC (Sodexo) that included a contract commitment whereas Sodexo would purchase equipment for the services stated in the management agreement and/or provide renovations in support of the services in an amount not to exceed \$7,000,000. Under the terms, Sodexo would then amortize the contract commitment on a straight-line basis over ten years, commencing with the date the equipment is placed in service or when renovation commences, as applicable. As of January 1, 2025, the management agreement was amended closing further access to the contract commitment and revising the repayment terms. The remaining balance will amortize over a ten-year period, commencing January 1, 2025. The outstanding balance of this note payable was \$125,316 and \$144,519 as of December 31, 2025 and 2024, respectively.

**Deferred Financing Costs**

Deferred financing costs represent expenses (e.g., underwriting, legal, consulting, and other costs) incurred in connection with issuance of debt and are deferred and amortized over the life of the related indebtedness on a straight-line basis, which approximates the effective-interest method. The amortization of deferred financing costs is included in interest expense and totaled \$238,417 and \$234,025 for the years ended December 31, 2025 and 2024, respectively.

**Bond Premium and Discount**

Bond premiums and discounts are comprised of the difference between the price at which a bond was sold and its fair value. Bond premiums and discounts are amortized on a straight-line basis into interest expense over the life of the bonds. The amortization expense on bond premiums and discounts included a reduction in interest expense of \$780,550 for both the years ended December 31, 2025 and 2024.

**Liens and Covenants**

Collateral for the Pennsylvania and Maryland Obligated Groups' debt includes the trustee-held funds, a first mortgage lien on the Asbury Maryland Obligated Group and the Pennsylvania Obligated Group's real estate, as well as a security interest in the Asbury Maryland Obligated Group and the Pennsylvania Obligated Group's assets, accounts receivable, general intangibles, chattel paper, and certain other items.

Under the Asbury Chandler Estate, LLC Loan Agreement, the lenders have a security interest in the mortgaged property and the assignment of leases and rents with respect to the mortgaged property.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**Liens and Covenants (Continued)**

The Asbury Maryland Obligated Group, the Pennsylvania Obligated Group, and Asbury Chandler Estate, LLC are subject to various covenants under the bond agreements. These covenants include various reporting financial and operational requirements. ACOMM has agreed to contribute cash to the Maryland Obligated Group, Pennsylvania Obligated Group, and Asbury Chandler Estate, LLC under certain circumstances and, if necessary, to meet their debt-service coverage ratio and maintain their minimum days of cash-on-hand ratio. ACOMM is contractually required to contribute cash to the Pennsylvania Obligated Group up to an aggregate amount of \$3,000,000. As of December 31, 2025, management is not aware of any noncompliance with these covenants.

**Debt Maturities**

A schedule of minimum maturities of long-term debt for the next five years and thereafter is as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u>         |
|---------------------------------|-----------------------|
| 2026                            | \$ 12,846,295         |
| 2027                            | 14,932,347            |
| 2028                            | 11,110,311            |
| 2029                            | 11,164,287            |
| 2030                            | 11,809,147            |
| Thereafter                      | 169,705,577           |
| Total                           | <u>\$ 231,567,964</u> |

**NOTE 12 DERIVATIVE INSTRUMENTS**

The Company entered into various swap and forward-rate purchase agreements with certain investment companies, which reduce their exposure to volatility of interest rates on debt. Under these agreements, beginning on the effective date, these affiliates pay a fixed rate of interest, as noted in the table below, while the investment company pays the affiliate based on a floating rate as derived from a tax-exempt bond rate index or a percentage of Secured Overnight Financing Rate (SOFR). The floating rate resets every seven days. The difference between the fixed and floating rates is accrued and recorded in interest expense or interest income in the accompanying statements of operations and changes in net assets (deficit). The notional amounts decline over time to hedge the interest rate exposure for the Company. These agreements are with investment companies that have investment grade credit ratings from Standard & Poor's and Moody's. These agreements have provisions that if the investment company falls below certain investment grade ratings, the investment company is required to either obtain a replacement investment company or post collateral equal to or more than the value of the derivative instrument.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 12 DERIVATIVE INSTRUMENTS (CONTINUED)**

Asbury Atlantic, on behalf of the PA Obligated Group, entered into a swap agreement in connection with the issuance of the 2021B PA Bonds. Under this agreement, Asbury Atlantic pays a fixed rate of interest of 1.08% and receives floating rate payments equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.41% based on a notional amount equal to the principal amount of the 2021B PA Bonds. Payments under the swap agreement began on October 4, 2021 and will terminate on June 1, 2033.

Asbury Atlantic, on behalf of the MD Obligated Group, entered into a swap agreement in connection with the issuance of the Series 2019B bonds. Under this agreement, Asbury Atlantic pays a fixed rate of interest of 2.309% and receives payments based on a floating rate based upon one-month SOFR. Payments under the swap agreement began on November 8, 2019 and will terminate on November 1, 2027.

Asbury Atlantic, on behalf of the PA Obligated Group, entered into a swap agreement in connection with the issuance of the 2022A PA Bonds. Under this agreement, Asbury Atlantic pays a fixed rate of interest of 3.456% and receives floating rate payments equal to adjusted SOFR plus a spread of 1.343% based on a notional amount equal to the principal amount of the 2022A PA Bonds. Payments under the swap agreement began on July 1, 2024 and will terminate on July 1, 2036.

1569 Teels Road, LLC, on behalf of CE, entered into a swap agreement in connection with the 2021 loan agreement. Under this agreement, 1569 Teels Road, LLC pays a fixed rate of interest of 3.751% and receives floating rate payments equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.870% based on a notional amount equal to the principal amount of the loan. Payments under the swap agreement began on November 15, 2021 and will terminate on November 15, 2036.

The following is a schedule outlining the terms and fair market values of the derivative instruments on December 31, 2025:

|                                | Series<br>2019B MD | Series<br>2021B PA  | Series<br>2022A PA | Asbury<br>Chandler<br>Estate, LLC Loan | Total               |
|--------------------------------|--------------------|---------------------|--------------------|----------------------------------------|---------------------|
| Notional Amount -              |                    |                     |                    |                                        |                     |
| December 31, 2025              | \$ 3,456,000       | \$ 16,190,000       | \$ 14,713,425      | \$ 6,175,632                           |                     |
| Trade Date                     | 11/8/2019          | 6/4/2021            | 7/26/2022          | 11/15/2021                             |                     |
| Effective Date                 | 11/8/2019          | 10/4/2021           | 7/1/2024           | 11/15/2021                             |                     |
| Termination Date               | 11/1/2027          | 6/1/2033            | 7/1/2036           | 11/15/2036                             |                     |
| Fixed Rate                     | 2.309%             | 1.080%              | 3.456%             | 3.751%                                 |                     |
| Fair Value - December 31, 2023 | \$ 187,336         | \$ 1,608,335        | \$ 463,876         | \$ -                                   | \$ 2,259,547        |
| Unrealized Gain (Loss)         | (32,582)           | 38,409              | 433,612            | -                                      | 439,439             |
| Fair Value - December 31, 2024 | 154,754            | 1,646,744           | 897,488            | -                                      | 2,698,986           |
| Net Asset Transfer             | -                  | -                   | -                  | 991,869                                | 991,869             |
| Unrealized Loss                | (89,511)           | (568,279)           | (386,822)          | (239,248)                              | (1,283,860)         |
| Fair Value - December 31, 2025 | <u>\$ 65,243</u>   | <u>\$ 1,078,465</u> | <u>\$ 510,666</u>  | <u>\$ 752,621</u>                      | <u>\$ 2,406,995</u> |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 12 DERIVATIVE INSTRUMENTS (CONTINUED)**

Asbury Atlantic has included the fair market value of derivative instruments as an asset of \$2,406,995 and \$2,698,986 in the accompanying balance sheets as of December 31, 2025 and 2024, respectively. Net unrealized gain (loss) on derivative instruments were (\$1,283,860) and \$439,439 in 2025 and 2024, respectively.

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were \$43,490,566 and \$42,515,939 as of December 31, 2025 and 2024, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$38,919,025 and \$38,077,407 as of December 31, 2025 and 2024, respectively. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent care.

**Investment and Spending Policies**

The Asbury Foundation has adopted investment and spending policies for the donor designated endowment funds that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. Per the Asbury Foundation Board Endowment Committee (Endowment Committee), the objective is to maintain the purchasing power of the endowment assets and provide additional growth through investment return. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

A market review of the previous twelve quarters are used to determine the Endowment Committee approved spending rate, up to five percent (5.0%). In special cases, the Endowment Committee may consider approving a higher spending rate based on documented need and overall fund health, which requires a written request from the donor and/or donor designee submitted for approval. Given market fluctuations, there is potential for the principal market value to be less than the historical gift value (Underwater Investments). There were no Underwater Investments at December 31, 2025 and 2024. If there were to be Underwater Investments, the Endowment Committee would follow prudent spending measures in accordance with local state regulations. ACOMM is not obligated to fund any Underwater Investments. Income that exceeds the Endowment Committee-approved spending rate is added to the endowment principal.

**ASBURY ATLANTIC, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025 AND 2024**

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

A summary of the permanently restricted net assets is as follows:

|                                                                           | 2025                 | 2024                 |
|---------------------------------------------------------------------------|----------------------|----------------------|
| Endowment Fund - Beginning of Year                                        | \$ 38,077,407        | \$ 36,809,831        |
| Change in Beneficial Interest in Net Assets of<br>Asbury Foundation, Inc. | 894,179              | 1,291,650            |
| Changes in Value of Obligations under Charitable<br>Gift Annuities        | (52,561)             | (24,074)             |
| Endowment Fund - End of Year                                              | <u>\$ 38,919,025</u> | <u>\$ 38,077,407</u> |

**NOTE 14 RETIREMENT PLAN**

ACOMM and its affiliates sponsor a defined-contribution plan (the Plan) under Internal Revenue Code (IRC) Section 401(k). All full-time employees of ACOMM and affiliates are eligible to participate in the Plan. The Plan provides that eligible employees may elect a salary deferral up to the maximum amount allowed as a deduction by the IRC. The employer match is 100% of employee contributions up to 3% and 50% on the next 2% of contributions for each eligible employee. The employer's contribution expense for the years ended December 31, 2025 and 2024 was \$1,733,889 and \$1,786,944, respectively.

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

**Caring Communities, a Reciprocal Risk Retention Group**

ACOMM and its affiliates participate in an insurance risk retention group, Carin Communities, a reciprocal Risk Retention Group (CCrRRG) licensed by the District of Columbia for purposes of obtaining the following insurance coverage: (1) primary general and professional liability; (2) excess general and professional liability; and (3) excess auto liability. The primary general and professional liability coverage has a limit of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. The excess general and professional liability coverage has a limit of \$10,000,000 per claim and a \$30,000,000 annual aggregate. This policy has been renewed through December 31, 2026.

CCrRRG provides insurance coverage to its members, which are nonprofit, predominantly faith based, senior housing, and healthcare providers. In February 2026, CCrRRG was affirmed as a rating of "A (Excellent)" for its financial strength with a stable outlook by A.M. Best Co., one of the leading rating agencies.

ACOMM executed a subscription agreement and made capital contributions in exchange for an interest in CCrRRG. Through December 31, 2025, ACOMM's capital contributions were \$560,508. ACOMM's total capital contribution represents 1.85% of CCrRRG as of December 31, 2025. The percentage may be affected by the future addition of members to CCrRRG.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Health Insurance**

ACOMM and its affiliates have a self-funding arrangement for health insurance coverage. For the years ended December 31, 2025 and 2024, ACOMM and affiliates had stop-loss coverage for any claim exceeding \$200,000 per participant with unlimited reimbursement after a \$75,000 aggregate deductible (one time across all claimants). Beginning January 1, 2026, ACOMM and affiliates have stop-loss coverage for any claim exceeding \$250,000 per participant with unlimited reimbursement after a \$75,000 aggregate deductible (one time across all claimants).

**Legal Actions and Claims**

The Company is party to various legal actions and claims arising in the ordinary course of its business. The Company's management believes that their ultimate disposition will not have material adverse effect on the Company's financial position or results of operations.

**Lease Commitments**

Asbury Atlantic leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2030. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Company's leases.

|                                                                              | 2025              | 2024              |
|------------------------------------------------------------------------------|-------------------|-------------------|
| Lease Costs:                                                                 |                   |                   |
| Finance Lease Cost:                                                          |                   |                   |
| Amortization of Right-of-Use Assets                                          | \$ 132,706        | \$ 164,517        |
| Interest on Lease Liabilities                                                | 3,415             | 3,354             |
| Operating Lease Cost                                                         | 549,406           | 653,981           |
| Total Lease Cost                                                             | <u>\$ 685,527</u> | <u>\$ 821,852</u> |
| Other Information:                                                           |                   |                   |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities:      |                   |                   |
| Operating Cash Flows from Finance Leases                                     | \$ 3,415          | \$ 3,354          |
| Operating Cash Flows from Operating Leases                                   | 549,406           | 653,981           |
| Financing Cash Flows from Finance Leases                                     | 101,031           | 166,198           |
| Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities   | 91,638            | 170,154           |
| Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities | 918,369           | 313,356           |
| Weighted-Average Remaining Lease Term - Finance Leases                       | 2.69 Years        | 1.39 Years        |
| Weighted-Average Remaining Lease Term - Operating Leases                     | 3.97 Years        | 1.63 Years        |
| Weighted-Average Discount Rate - Finance Leases                              | 2.00%             | 2.00%             |
| Weighted-Average Discount Rate - Operating Leases                            | 2.00%             | 2.00%             |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Lease Commitments (Continued)**

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2025 is as follows:

| <u>Year Ending December 31,</u>          | <u>Operating Leases</u> | <u>Finance Leases</u> |
|------------------------------------------|-------------------------|-----------------------|
| 2026                                     | \$ 334,041              | \$ 59,779             |
| 2027                                     | 234,307                 | 29,720                |
| 2028                                     | 199,056                 | 18,684                |
| 2029                                     | 192,473                 | 15,090                |
| 2030                                     | 107,909                 | -                     |
| Total                                    | 1,067,786               | 123,273               |
| Less: Interest Expense                   | (40,506)                | (3,101)               |
| Amounts Recognized in the Balance Sheets | <u>\$ 1,027,280</u>     | <u>\$ 120,172</u>     |

**NOTE 16 FUNCTIONAL EXPENSES**

Asbury Atlantic provides continuing and long-term care for seniors. Expenses related to providing these services were as follows as of December 31:

|                                 | <u>2025</u>                         |                                   |
|---------------------------------|-------------------------------------|-----------------------------------|
|                                 | <u>Program<br/>Services</u>         | <u>Supporting<br/>Services</u>    |
|                                 | <u>Continuing<br/>Care Services</u> | <u>Management<br/>and General</u> |
|                                 | <u>Total</u>                        | <u>Total</u>                      |
| Salaries and Wages              | \$ 62,837,572                       | \$ 62,837,572                     |
| Employee Benefits               | 11,518,519                          | 11,518,519                        |
| Contract Labor                  | 9,789,343                           | 9,789,343                         |
| Food Purchases                  | 7,010,955                           | 7,010,955                         |
| Medical Supplies and Other      |                                     |                                   |
| Resident Costs                  | 5,568,544                           | 5,568,544                         |
| General and Administrative      | -                                   | 3,517,396                         |
| Building and Maintenance        | 19,566,461                          | 19,566,461                        |
| Professional Fees and Insurance | 2,249,529                           | 2,249,529                         |
| Interest                        | 10,310,130                          | 10,310,130                        |
| Taxes                           | 4,415,450                           | 4,415,450                         |
| Provision for Credit Losses     | 1,225,957                           | 1,225,957                         |
| Depreciation and Amortization   | 28,843,871                          | 28,843,871                        |
| Service and Other Fees          | -                                   | 19,847,292                        |
| Total Functional Expenses       | <u>\$ 163,336,331</u>               | <u>\$ 23,364,688</u>              |
|                                 |                                     | <u>\$ 186,701,019</u>             |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 16 FUNCTIONAL EXPENSES (CONTINUED)**

|                                 | 2024                        |                           |                       |
|---------------------------------|-----------------------------|---------------------------|-----------------------|
|                                 | Program<br>Services         | Supporting<br>Services    |                       |
|                                 | Continuing<br>Care Services | Management<br>and General | Total                 |
| Salaries and Wages              | \$ 61,866,713               | \$ -                      | \$ 61,866,713         |
| Employee Benefits               | 13,590,832                  | -                         | 13,590,832            |
| Contract Labor                  | 9,030,195                   | -                         | 9,030,195             |
| Food Purchases                  | 6,620,006                   | -                         | 6,620,006             |
| Medical Supplies and Other      |                             |                           |                       |
| Resident Costs                  | 5,148,809                   | -                         | 5,148,809             |
| General and Administrative      | -                           | 2,827,225                 | 2,827,225             |
| Building and Maintenance        | 17,806,853                  | -                         | 17,806,853            |
| Professional Fees and Insurance | 2,095,322                   | -                         | 2,095,322             |
| Interest                        | 10,496,937                  | -                         | 10,496,937            |
| Taxes                           | 4,342,667                   | -                         | 4,342,667             |
| Provision for Credit Losses     | 918,067                     | -                         | 918,067               |
| Depreciation and Amortization   | 28,797,143                  | -                         | 28,797,143            |
| Service and Other Fees          | -                           | 19,713,418                | 19,713,418            |
| Total Functional Expenses       | <u>\$ 160,713,544</u>       | <u>\$ 22,540,643</u>      | <u>\$ 183,254,187</u> |

Included in management and general expenses are service and other fees and other general and administrative expenses.

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The determination of the fair values incorporates various factors required under fair value accounting. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits, letters of credit and priority interests), but also the impact of the Company's nonperformance risk on its liabilities.

The fair value of investments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include equity securities and mutual funds and fixed-income securities and mutual funds.

Assets and Liabilities utilizing Level 2 inputs are derivatives. A quoted price can be obtained from a number of dealer counterparties and other independent market sources based on observable interest rates and yield curves for the full term of the asset or liability; thus, derivative instruments are classified within Level 2 of the valuation hierarchy.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Funds held in trust are classified as Level 3 within the fair value hierarchy because the fair value measurement is based on inputs that are not observable in active markets, including assumptions related to the timing and term of future distributions. The investments are held and valued by an independent trustee. Fair value is based on information provided by the independent trustee.

Investments measured at fair value using net asset value per share include alternative investments. Alternative investments are those not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not readily available. The Company follows guidance related to the fair value measurement standard that was issued for estimating the fair value of investments in investment companies that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with U.S. GAAP. As a practical expedient, the Company is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if NAV is not calculated in accordance with U.S. GAAP.

The Company has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following tables set forth by level within the fair value hierarchy Asbury Atlantic's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31:

| Recurring Fair Value Measures                                         | At Fair Value as of December 31, 2025 |           |           |                       |
|-----------------------------------------------------------------------|---------------------------------------|-----------|-----------|-----------------------|
|                                                                       | Level 1                               | Level 2   | Level 3   | Total                 |
| <b>Assets:</b>                                                        |                                       |           |           |                       |
| Cash and Short-Term Investments                                       | \$ 57,546,431                         | \$ -      | \$ -      | \$ 57,546,431         |
| Fixed Income Securities and Mutual Funds                              | 20,448,711                            | -         | -         | 20,448,711            |
| Equity Securities and Mutual Funds                                    | 69,761,763                            | -         | -         | 69,761,763            |
| Derivative Instruments                                                | -                                     | 2,406,995 | -         | 2,406,995             |
| Subtotal                                                              | 147,756,905                           | 2,406,995 | -         | 150,163,900           |
| Funds Held in Trust                                                   |                                       |           | 2,613,790 | 2,613,790             |
| Investments measured at Fair Value<br>Using Net Asset Value Per Share |                                       |           |           | 33,920                |
| Total                                                                 |                                       |           |           | <u>\$ 152,811,610</u> |

| Recurring Fair Value Measures                                         | At Fair Value as of December 31, 2024 |           |           |                       |
|-----------------------------------------------------------------------|---------------------------------------|-----------|-----------|-----------------------|
|                                                                       | Level 1                               | Level 2   | Level 3   | Total                 |
| <b>Assets:</b>                                                        |                                       |           |           |                       |
| Cash and Short-Term Investments                                       | \$ 55,865,855                         | \$ -      | \$ -      | \$ 55,865,855         |
| Fixed Income Securities and Mutual Funds                              | 19,290,013                            | -         | -         | 19,290,013            |
| Equity Securities and Mutual Funds                                    | 42,803,979                            | -         | -         | 42,803,979            |
| Derivative Instruments                                                | -                                     | 2,698,986 | -         | 2,698,986             |
| Subtotal                                                              | 117,959,847                           | 2,698,986 | -         | 120,658,833           |
| Funds Held in Trust                                                   |                                       |           | 2,426,491 | 2,426,491             |
| Investments measured at Fair Value<br>Using Net Asset Value Per Share |                                       |           |           | 280,106               |
| Total                                                                 |                                       |           |           | <u>\$ 123,365,430</u> |

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Beneficial interest in perpetual trusts are included with funds held in trust on the balance sheets. The following table provides a summary of unobservable inputs related to the Company's beneficial interest in perpetual trusts as of December 31:

| 2025                                   |              |                                       |                                                   |
|----------------------------------------|--------------|---------------------------------------|---------------------------------------------------|
| Instrument                             | Fair Value   | Principal Valuation Technique         | Unobservable Inputs                               |
| Beneficial Interest In Perpetual Trust | \$ 2,613,790 | FMV of trust investments from trustee | Estimated term and timing of future distributions |
| 2024                                   |              |                                       |                                                   |
| Instrument                             | Fair Value   | Principal Valuation Technique         | Unobservable Inputs                               |
| Beneficial Interest In Perpetual Trust | \$ 2,426,491 | FMV of trust investments from trustee | Estimated term and timing of future distributions |

There were no purchases, sales or transfers for the years ended December 31, 2025 and 2024 related to the beneficial interest in perpetual trusts.

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEET BY LOCATION**  
**DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|                                                 | ASSETS                         |                          |                                      |                    |               |                                 |                                   |                      |                                   |
|-------------------------------------------------|--------------------------------|--------------------------|--------------------------------------|--------------------|---------------|---------------------------------|-----------------------------------|----------------------|-----------------------------------|
|                                                 | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Total<br>Maryland<br>Obligated Group | Bethany<br>Village | Springhill    | Pennsylvania<br>Obligated Group | Asbury<br>Chandler<br>Estate, LLC | Combining<br>Entries | Total<br>Asbury<br>Atlantic, Inc. |
| CURRENT ASSETS                                  |                                |                          |                                      |                    |               |                                 |                                   |                      |                                   |
| Cash and Cash Equivalents                       | \$ 4,035,480                   | \$ 13,676                | \$ 4,049,156                         | \$ 2,478,365       | \$ 763,817    | \$ 3,242,182                    | \$ 1,368,262                      | \$ -                 | \$ 8,659,600                      |
| Investments                                     | 54,186,952                     | 3,257,400                | 57,444,352                           | 11,513,871         | 397,581       | 11,911,452                      | -                                 | -                    | 69,355,804                        |
| Accounts Receivable                             | 4,084,953                      | 632,904                  | 4,717,857                            | 1,158,442          | 1,167,375     | 2,325,817                       | 101,704                           | -                    | 7,145,378                         |
| Allowance for Credit Losses                     | (995,683)                      | (82,621)                 | (1,078,304)                          | (215,019)          | (314,522)     | (529,541)                       | (16,475)                          | -                    | (1,624,320)                       |
| Other Receivables and Prepaid Expenses          | 3,266,725                      | 2,385,386                | 5,652,111                            | 964,295            | 643,590       | 1,607,885                       | 56,158                            | -                    | 7,316,154                         |
| Investments Held Under Bond Indenture           | 5,946,756                      | 751,488                  | 6,698,244                            | 2,288,652          | 582,151       | 2,850,803                       | -                                 | -                    | 9,549,047                         |
| Total Current Assets                            | 70,525,183                     | 6,958,233                | 77,483,416                           | 18,168,606         | 3,239,992     | 21,408,598                      | 1,509,649                         | -                    | 100,401,663                       |
| PROPERTY AND EQUIPMENT                          |                                |                          |                                      |                    |               |                                 |                                   |                      |                                   |
| Due from ACOMM, Net                             | 49,546,151                     | 35,319,137               | 84,865,288                           | 32,143,148         | -             | 32,143,148                      | -                                 | (10,367,495)         | 106,640,941                       |
| Property and Equipment, Net                     | 123,955,487                    | 37,669,733               | 161,625,220                          | 82,688,342         | 22,268,553    | 104,956,895                     | 9,038,492                         | -                    | 275,620,607                       |
| Right-of-Use Assets - Operating Leases, Net     | 375,823                        | 91,926                   | 467,749                              | 225,861            | 304,207       | 530,068                         | 29,464                            | -                    | 1,027,281                         |
| Right-of-Use Assets - Finance Leases, Net       | 38,306                         | 3,090                    | 41,396                               | 62,082             | -             | 62,082                          | 15,703                            | -                    | 119,181                           |
| Investments Restricted by Donors                | -                              | -                        | -                                    | 16,395,850         | -             | 16,395,850                      | -                                 | -                    | 16,395,850                        |
| Deposits and Other Assets                       | 171,101                        | 914                      | 172,015                              | -                  | 8,259         | 8,259                           | -                                 | -                    | 180,274                           |
| Other Intangible Assets                         | -                              | -                        | -                                    | -                  | -             | -                               | 537,500                           | -                    | 537,500                           |
| Investments Held Under Bond Indenture           | 7,595,972                      | 1,287,935                | 8,883,907                            | 6,329,167          | 1,643,366     | 7,972,533                       | -                                 | -                    | 16,856,440                        |
| Statutory Reserves                              | 19,040,939                     | 4,600,913                | 23,641,852                           | 4,780,926          | 1,309,105     | 6,090,031                       | -                                 | -                    | 29,731,883                        |
| Investments Restricted by Board                 | 1,420,315                      | -                        | 1,420,315                            | 4,481,486          | -             | 4,481,486                       | -                                 | -                    | 5,901,801                         |
| Funds Held in Trust                             | -                              | -                        | -                                    | 2,613,790          | -             | 2,613,790                       | -                                 | -                    | 2,613,790                         |
| Beneficial Interest in Net Assets of Foundation | 21,365,357                     | 4,662,228                | 26,027,585                           | 9,174,538          | 991,626       | 10,166,164                      | -                                 | -                    | 36,193,749                        |
| Valuation of Derivative Instruments             | 65,243                         | -                        | 65,243                               | 1,191,386          | 397,745       | 1,589,131                       | 752,621                           | -                    | 2,406,995                         |
| Total Assets                                    | \$ 294,099,877                 | \$ 90,594,109            | \$ 384,693,986                       | \$ 178,255,182     | \$ 30,162,853 | \$ 208,418,035                  | \$ 11,883,429                     | \$ (10,367,495)      | \$ 594,627,955                    |

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEET BY LOCATION (CONTINUED)**  
**DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|                                                                | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Total<br>Maryland<br>Obligated Group | Bethany<br>Village | Springhill    | Pennsylvania<br>Obligated Group | Asbury<br>Chandler<br>Estate, LLC | Combining<br>Entries | Total<br>Asbury<br>Atlantic, Inc. |
|----------------------------------------------------------------|--------------------------------|--------------------------|--------------------------------------|--------------------|---------------|---------------------------------|-----------------------------------|----------------------|-----------------------------------|
| <b>LIABILITIES AND NET DEFICIT</b>                             |                                |                          |                                      |                    |               |                                 |                                   |                      |                                   |
| <b>CURRENT LIABILITIES</b>                                     |                                |                          |                                      |                    |               |                                 |                                   |                      |                                   |
| Accounts Payable and Accrued Expenses                          | \$ 955,777                     | \$ 243,062               | \$ 1,198,839                         | \$ 284,952         | \$ 270,367    | \$ 555,319                      | \$ 50,456                         | \$ -                 | \$ 1,804,614                      |
| Accrued Interest Payable                                       | 2,378,860                      | 386,318                  | 2,765,178                            | 1,490,264          | 408,017       | 1,898,281                       | 10,000                            | -                    | 4,673,459                         |
| Obligations Under Charitable Gift Annuities                    | -                              | -                        | -                                    | 60,613             | -             | 60,613                          | -                                 | -                    | 60,613                            |
| Deposits from Prospective Residents                            | 2,866,841                      | 404,605                  | 3,271,446                            | 1,025,731          | 266,861       | 1,292,592                       | 255,286                           | -                    | 4,819,324                         |
| Entrance Fees - Refundable                                     | 1,835,575                      | -                        | 1,835,575                            | 41,415             | 256,566       | 297,981                         | -                                 | -                    | 2,133,556                         |
| Deferred Revenue                                               | 386,943                        | 53,645                   | 440,588                              | 252,082            | 220,333       | 472,415                         | 40                                | -                    | 913,043                           |
| Current Portion of Lease Liabilities - Operating Leases        | 116,062                        | 22,470                   | 138,532                              | 86,630             | 85,423        | 172,053                         | 6,733                             | -                    | 317,318                           |
| Current Portion of Lease Liabilities - Finance Leases          | 32,200                         | 3,152                    | 35,352                               | 15,389             | -             | 15,389                          | 7,438                             | -                    | 58,179                            |
| Current Portion of Long-Term Debt                              | 7,434,434                      | 739,018                  | 8,173,452                            | 3,364,331          | 1,019,832     | 4,384,163                       | 288,680                           | -                    | 12,846,295                        |
| Total Current Liabilities                                      | 16,006,692                     | 1,852,270                | 17,858,962                           | 6,621,407          | 2,527,399     | 9,148,806                       | 618,633                           | -                    | 27,626,401                        |
| <b>LONG-TERM LIABILITIES</b>                                   |                                |                          |                                      |                    |               |                                 |                                   |                      |                                   |
| Due to ACOMM, Net                                              | -                              | -                        | -                                    | -                  | 6,117,011     | 6,117,011                       | 4,250,484                         | (10,367,495)         | -                                 |
| Long-Term Lease Liabilities - Operating Leases, Net of Current | 259,761                        | 69,456                   | 329,217                              | 139,231            | 218,783       | 358,014                         | 22,731                            | -                    | 709,962                           |
| Long-Term Lease Liabilities - Finance Leases, Net of Current   | 6,753                          | -                        | 6,753                                | 46,681             | -             | 46,681                          | 8,559                             | -                    | 61,993                            |
| Long-Term Debt, Less Current Portion                           | 94,511,530                     | 15,305,134               | 109,816,664                          | 82,552,126         | 24,074,377    | 106,626,503                     | 5,817,524                         | -                    | 222,260,691                       |
| Contingent Refundable Entrance Fee Liability                   | 77,707,387                     | 23,546,062               | 101,253,469                          | 7,885,855          | 11,169,582    | 19,055,437                      | -                                 | -                    | 120,308,906                       |
| Entrance Fees - Deferred Revenue                               | 105,129,672                    | 41,405,850               | 146,535,522                          | 49,536,139         | 14,252,316    | 63,788,455                      | -                                 | -                    | 210,323,977                       |
| Obligations Under Charitable Gift Annuities                    | -                              | -                        | -                                    | 72,310             | -             | 72,310                          | -                                 | -                    | 72,310                            |
| Other Liabilities                                              | 1,500,000                      | -                        | 1,500,000                            | -                  | -             | -                               | -                                 | -                    | 1,500,000                         |
| Total Liabilities                                              | 295,121,795                    | 82,178,792               | 377,300,587                          | 146,853,749        | 58,359,468    | 205,213,217                     | 10,717,931                        | (10,367,495)         | 582,864,240                       |
| <b>NET ASSETS (DEFICIT)</b>                                    |                                |                          |                                      |                    |               |                                 |                                   |                      |                                   |
| Without Donor Restrictions                                     | (22,387,275)                   | 3,753,089                | (18,634,186)                         | 14,930,079         | (29,186,242)  | (14,258,163)                    | 1,165,498                         | -                    | (31,726,851)                      |
| With Donor Restrictions                                        | 21,365,357                     | 4,662,228                | 26,027,585                           | 16,471,354         | 991,527       | 17,462,981                      | -                                 | -                    | 43,490,566                        |
| Total Net Assets (Deficit)                                     | (1,021,918)                    | 8,415,317                | 7,393,399                            | 31,401,433         | (28,196,615)  | 3,204,818                       | 1,165,498                         | -                    | 11,763,715                        |
| Total Liabilities and Net Assets (Deficit)                     | \$ 294,099,877                 | \$ 90,594,109            | \$ 384,693,986                       | \$ 178,255,182     | \$ 30,162,853 | \$ 208,418,035                  | \$ 11,883,429                     | \$ (10,367,495)      | \$ 594,627,955                    |

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**WITHOUT DONOR RESTRICTIONS BY LOCATION**  
**YEAR ENDED DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**REVENUES, GAINS, AND OTHER SUPPORT**

|                                                           |  |
|-----------------------------------------------------------|--|
| Resident Services Revenue                                 |  |
| Other Operating Revenue                                   |  |
| Amortization of Entrance Fees                             |  |
| Interest and Dividend Income, Net                         |  |
| Net Realized Gain (Loss) on Investments                   |  |
| Net Unrealized Gain (Loss) on Equity Security Investments |  |
| Allocations from Asbury Foundation, Inc.                  |  |
| Total Revenues, Gains, and Other Support                  |  |

**EXPENSES**

|                                           |  |
|-------------------------------------------|--|
| Salaries                                  |  |
| Employee Benefits                         |  |
| Contract Labor                            |  |
| Food Purchases                            |  |
| Medical Supplies and Other Resident Costs |  |
| General and Administrative                |  |
| Building and Maintenance                  |  |
| Professional Fees and Insurance           |  |
| Interest                                  |  |
| Taxes                                     |  |
| Provision for Credit Losses               |  |
| Depreciation and Amortization             |  |
| Service and Other Fees                    |  |
| Total Expenses                            |  |

**INCOME (LOSS) FROM OPERATIONS PRIOR TO NET  
UNREALIZED LOSS ON CHANGE IN MARKET VALUE  
OF DERIVATIVE INSTRUMENTS AND LOSS ON  
DISPOSAL OF ASSETS**

| Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Total<br>Maryland<br>Obligated Group | Bethany<br>Village | Springhill    | Total<br>Pennsylvania<br>Obligated Group | Asbury<br>Chandler<br>Estate, LLC | Combining<br>Entries | Total<br>Asbury<br>Atlantic, Inc. |
|--------------------------------|--------------------------|--------------------------------------|--------------------|---------------|------------------------------------------|-----------------------------------|----------------------|-----------------------------------|
| \$ 81,553,909                  | \$ 21,024,848            | \$ 102,578,757                       | \$ 35,146,359      | \$ 20,419,111 | \$ 55,565,470                            | \$ 3,554,722                      | \$ -                 | \$ 161,688,949                    |
| 1,747,269                      | 271,327                  | 2,018,596                            | 2,096,510          | 616,089       | 2,712,599                                | 11,083                            | -                    | 4,742,278                         |
| 15,148,383                     | 6,163,586                | 21,311,969                           | 7,233,627          | 2,323,507     | 9,557,134                                | -                                 | -                    | 30,869,103                        |
| 2,448,238                      | 751,188                  | 3,199,426                            | 1,738,327          | 178,820       | 1,917,147                                | 21,932                            | -                    | 5,138,505                         |
| (1,060,380)                    | 9,586                    | (1,050,794)                          | (177,199)          | 1,894         | (175,305)                                | -                                 | -                    | (1,226,099)                       |
| 7,044,266                      | 659,894                  | 7,703,960                            | 4,231,441          | 179,016       | 4,410,457                                | -                                 | -                    | 12,114,417                        |
| 4,937,243                      | 943,115                  | 5,880,358                            | 2,811,637          | 100,607       | 2,912,244                                | -                                 | -                    | 8,792,602                         |
| 111,818,928                    | 29,823,344               | 141,642,272                          | 53,080,702         | 23,819,044    | 76,899,746                               | 3,587,737                         | -                    | 222,129,755                       |
| 33,213,007                     | 7,603,675                | 40,816,682                           | 11,959,998         | 8,910,554     | 20,870,552                               | 1,150,338                         | -                    | 62,837,572                        |
| 5,763,937                      | 1,258,787                | 7,022,724                            | 2,852,913          | 1,571,462     | 4,224,375                                | 271,420                           | -                    | 11,518,519                        |
| 3,845,894                      | 1,190,379                | 5,036,273                            | 2,785,090          | 1,967,980     | 4,753,070                                | -                                 | -                    | 9,789,343                         |
| 3,796,657                      | 1,098,251                | 4,894,908                            | 1,162,187          | 786,594       | 1,958,881                                | 157,166                           | -                    | 7,010,955                         |
| 2,910,584                      | 721,579                  | 3,632,163                            | 1,059,647          | 740,676       | 1,800,323                                | 136,058                           | -                    | 5,568,544                         |
| 1,493,678                      | 554,060                  | 2,047,738                            | 817,146            | 595,683       | 1,412,829                                | 56,829                            | -                    | 3,517,396                         |
| 9,906,782                      | 2,572,243                | 12,479,025                           | 4,637,994          | 1,832,445     | 6,470,439                                | 616,997                           | -                    | 19,566,461                        |
| 1,054,928                      | 309,655                  | 1,364,583                            | 521,606            | 290,493       | 812,099                                  | 72,847                            | -                    | 2,249,529                         |
| 4,541,276                      | 755,987                  | 5,297,263                            | 3,560,200          | 1,143,041     | 4,703,241                                | 309,626                           | -                    | 10,310,130                        |
| 2,171,656                      | 772,660                  | 2,944,316                            | 1,131,481          | 214,039       | 1,345,520                                | 125,614                           | -                    | 4,415,450                         |
| 857,486                        | 89,896                   | 947,382                              | 171,099            | 96,665        | 267,764                                  | 10,811                            | -                    | 1,225,957                         |
| 16,227,887                     | 3,722,022                | 19,949,909                           | 5,919,755          | 2,374,239     | 8,293,994                                | 599,968                           | -                    | 28,843,871                        |
| 10,849,419                     | 2,580,459                | 13,429,878                           | 4,077,553          | 2,203,202     | 6,280,755                                | 136,659                           | -                    | 19,847,292                        |
| 96,633,191                     | 23,229,653               | 119,862,844                          | 40,456,669         | 22,737,173    | 63,193,842                               | 3,644,333                         | -                    | 186,701,019                       |
| 15,185,737                     | 6,593,691                | 21,779,428                           | 12,624,033         | 1,081,871     | 13,705,904                               | (56,596)                          | -                    | 35,428,736                        |

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**WITHOUT DONOR RESTRICTIONS BY LOCATION (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|                                                                                                                                               | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Total<br>Maryland<br>Obligated Group | Bethany<br>Village | Springhill      | Pennsylvania<br>Obligated Group | Asbury<br>Chandler<br>Estate, LLC | Combining<br>Entries | Total<br>Asbury<br>Atlantic, Inc. |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------|--------------------------------------|--------------------|-----------------|---------------------------------|-----------------------------------|----------------------|-----------------------------------|
| <b>NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS</b>                                                                                        |                                |                          |                                      |                    |                 |                                 |                                   |                      |                                   |
| Income (Loss) from Operations Prior to Net Unrealized Loss on Change in Market Value of Derivative Instruments and Loss on Disposal of Assets | \$ 15,185,737                  | \$ 6,593,691             | \$ 21,779,428                        | \$ 12,624,033      | \$ 1,081,871    | \$ 13,705,904                   | \$ (56,596)                       | \$ -                 | \$ 35,428,736                     |
| Net Unrealized Loss on Change in Market Value of Derivative Instruments                                                                       | (89,511)                       | -                        | (89,511)                             | (710,805)          | (244,296)       | (955,101)                       | (239,248)                         | -                    | (1,283,860)                       |
| Loss on Disposal of Assets                                                                                                                    | (106,332)                      | -                        | (106,332)                            | -                  | -               | -                               | (178,911)                         | -                    | (285,243)                         |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                                                                                                          | 14,989,894                     | 6,593,691                | 21,583,585                           | 11,913,228         | 837,575         | 12,750,803                      | (474,755)                         | -                    | 33,859,633                        |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                                                      |                                |                          |                                      |                    |                 |                                 |                                   |                      |                                   |
| Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments                                                                   | 192,374                        | 14,250                   | 206,624                              | (21,616)           | 5,771           | (15,845)                        | -                                 | -                    | 190,779                           |
| Net Assets Released from Restrictions Used for Purchase of Capital Items                                                                      | 225,984                        | 16,917                   | 242,901                              | 1,040,877          | 47,461          | 1,088,338                       | -                                 | -                    | 1,331,239                         |
| Net Asset Transfer                                                                                                                            | -                              | -                        | -                                    | -                  | -               | -                               | 1,640,253                         | -                    | 1,640,253                         |
| Transfers to ACOMM                                                                                                                            | (500,000)                      | (116,250)                | (616,250)                            | (244,000)          | (75,750)        | (319,750)                       | -                                 | -                    | (936,000)                         |
| Changes in Net Assets (Deficit) Without Donor Restrictions                                                                                    | 14,908,252                     | 6,508,608                | 21,416,860                           | 12,688,489         | 815,057         | 13,503,546                      | 1,165,498                         | -                    | 36,085,904                        |
| <b>NET ASSETS WITH DONOR RESTRICTIONS</b>                                                                                                     |                                |                          |                                      |                    |                 |                                 |                                   |                      |                                   |
| Net Assets Released from Restrictions Used for Purchase of Capital Items                                                                      | (225,984)                      | (16,917)                 | (242,901)                            | (1,040,877)        | (47,461)        | (1,088,338)                     | -                                 | -                    | (1,331,239)                       |
| Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.                                                                        | 623,172                        | 181,004                  | 804,176                              | 1,440,515          | 113,736         | 1,554,251                       | -                                 | -                    | 2,358,427                         |
| Changes in Value of Deferred-Giving Arrangements                                                                                              | -                              | -                        | -                                    | (52,561)           | -               | (52,561)                        | -                                 | -                    | (52,561)                          |
| Changes in Net Assets With Donor Restrictions                                                                                                 | 397,188                        | 164,087                  | 561,275                              | 347,077            | 66,275          | 413,352                         | -                                 | -                    | 974,627                           |
| <b>CHANGES IN NET ASSETS (DEFICIT)</b>                                                                                                        | 15,305,440                     | 6,672,695                | 21,978,135                           | 13,035,566         | 881,332         | 13,916,898                      | 1,165,498                         | -                    | 37,060,531                        |
| Net Assets (Deficit) - Beginning of Year                                                                                                      | (16,327,358)                   | 1,742,622                | (14,584,736)                         | 18,385,867         | (29,077,947)    | (10,712,080)                    | -                                 | -                    | (25,296,816)                      |
| <b>NET ASSETS (DEFICIT) - END OF YEAR</b>                                                                                                     | \$ (1,021,918)                 | \$ 8,415,317             | \$ 7,393,399                         | \$ 31,401,433      | \$ (28,196,615) | \$ 3,204,818                    | \$ 1,165,498                      | \$ -                 | \$ 11,763,715                     |

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF CASH FLOWS BY LOCATION**  
**YEAR ENDED DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|                                                                 | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Total<br>Maryland<br>Obligated Group | Bethany<br>Village | Springhill  | Total<br>Pennsylvania<br>Obligated Group | Asbury<br>Chandler<br>Estate, LLC | Total<br>Asbury<br>Atlantic, Inc. |
|-----------------------------------------------------------------|--------------------------------|--------------------------|--------------------------------------|--------------------|-------------|------------------------------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                |                          |                                      |                    |             |                                          |                                   |                                   |
| Changes in Net Assets (Deficit)                                 | \$ 15,305,440                  | \$ 6,672,595             | \$ 21,978,135                        | \$ 13,035,566      | \$ 881,332  | \$ 13,916,898                            | \$ 1,165,498                      | \$ 37,060,531                     |
| Adjustments to Reconcile Changes in Net Assets (Deficit) to     |                                |                          |                                      |                    |             |                                          |                                   |                                   |
| Net Cash Provided by Operating Activities:                      |                                |                          |                                      |                    |             |                                          |                                   |                                   |
| Provision for Credit Losses                                     | 857,486                        | 89,896                   | 947,382                              | 171,099            | 96,665      | 267,764                                  | 10,811                            | 1,225,957                         |
| Depreciation and Amortization of Deferred Marketing Costs       | 16,134,794                     | 3,707,324                | 19,842,118                           | 5,904,650          | 2,371,814   | 8,276,464                                | 592,583                           | 28,711,165                        |
| Amortization of Deferred Financing Costs                        | 111,352                        | 16,099                   | 127,451                              | 82,287             | 24,306      | 106,593                                  | 4,373                             | 238,417                           |
| Amortization of Bond Premium/Discount                           | (514,892)                      | (50,661)                 | (565,553)                            | (169,694)          | (45,303)    | (214,997)                                | -                                 | (780,550)                         |
| Amortization of Right-Of-Use Asset                              | 93,093                         | 14,698                   | 107,791                              | 15,105             | 2,425       | 17,530                                   | 7,385                             | 132,706                           |
| Amortization of Entrance Fees                                   | (15,148,383)                   | (6,163,586)              | (21,311,969)                         | (7,233,627)        | (2,323,507) | (9,557,134)                              | -                                 | (30,869,103)                      |
| Net Proceeds from Nonrefundable Entrance Fees                   | 23,673,440                     | 9,053,784                | 32,727,224                           | 12,227,614         | 4,970,765   | 17,198,379                               | -                                 | 49,925,603                        |
| Net Unrealized Gain on Investments                              | (7,236,640)                    | (673,944)                | (7,910,584)                          | (4,209,825)        | (184,787)   | (4,394,612)                              | -                                 | (12,305,196)                      |
| Net Realized (Gain) Loss on Investments                         | 1,060,380                      | (9,586)                  | 1,050,794                            | 177,199            | (1,894)     | 175,305                                  | -                                 | 1,226,099                         |
| Loss on Disposal of Assets                                      | 106,332                        | -                        | 106,332                              | -                  | -           | -                                        | 178,911                           | 285,243                           |
| Net Unrealized Loss on Change in Market Value                   |                                |                          |                                      |                    |             |                                          |                                   |                                   |
| of Derivative Instruments                                       | 89,511                         | -                        | 89,511                               | 710,805            | 244,296     | 955,101                                  | 239,248                           | 1,283,860                         |
| Changes in Beneficial Interest in Net Assets of Foundation      | (397,188)                      | (164,087)                | (561,275)                            | (399,638)          | (66,275)    | (465,913)                                | -                                 | (1,027,188)                       |
| Transfers to ACOMM                                              | 500,000                        | 116,250                  | 616,250                              | 244,000            | 75,750      | 319,750                                  | -                                 | 936,000                           |
| Changes in Value of Obligations under Charitable Gift Annuities |                                |                          |                                      |                    |             |                                          |                                   |                                   |
| Net Asset Transfer                                              | -                              | -                        | -                                    | 52,561             | -           | 52,561                                   | -                                 | 52,561                            |
| Changes in Assets and Liabilities:                              |                                |                          |                                      |                    |             |                                          | (1,640,253)                       | (1,640,253)                       |
| Accounts Receivable                                             | (332,875)                      | (140,749)                | (473,624)                            | (47,339)           | 47,296      | (43)                                     | (69,073)                          | (542,740)                         |
| Other Receivables and Prepaid Expenses                          | 342,461                        | (192,302)                | 150,159                              | 92,465             | (100,727)   | (8,262)                                  | 6,398                             | 148,295                           |
| Deferred Entrance Fees                                          | 3,804,877                      | (416,474)                | 3,388,403                            | 129,120            | (57,360)    | 71,760                                   | -                                 | 3,460,163                         |
| Other Assets                                                    | (5,360)                        | (914)                    | (6,274)                              | -                  | 2,952       | 2,952                                    | -                                 | (3,322)                           |
| Deferred Revenue                                                | (1,671,809)                    | (1,126,793)              | (2,798,602)                          | (465,800)          | (343,904)   | (809,704)                                | (4,513)                           | (3,612,819)                       |
| Accounts Payable and Accrued Expenses                           | 149,891                        | 203,082                  | 352,973                              | 54,029             | 16,634      | 70,663                                   | (33,893)                          | 389,743                           |
| Accrued Interest Payable                                        | (160,565)                      | (16,186)                 | (176,751)                            | (37,258)           | (10,280)    | (47,538)                                 | (425)                             | (224,714)                         |
| Net Cash Provided by Operating Activities                       | 36,761,345                     | 10,918,546               | 47,679,891                           | 20,333,319         | 5,600,198   | 25,933,517                               | 457,050                           | 74,070,488                        |

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF CASH FLOWS BY LOCATION (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|                                                                               | Asbury<br>Methodist<br>Village | Asbury<br>Solomons, Inc. | Total<br>Maryland<br>Obligated Group | Belhany<br>Village   | Springhill          | Total<br>Pennsylvania<br>Obligated Group | Asbury<br>Chandler<br>Estate, LLC | Total<br>Asbury<br>Atlantic, Inc. |
|-------------------------------------------------------------------------------|--------------------------------|--------------------------|--------------------------------------|----------------------|---------------------|------------------------------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |                                |                          |                                      |                      |                     |                                          |                                   |                                   |
| Purchase of Property and Equipment, Net                                       | \$ (9,157,348)                 | \$ (2,759,707)           | \$ (11,917,055)                      | \$ (8,413,477)       | \$ (1,404,865)      | \$ (9,818,342)                           | \$ (150,744)                      | \$ (21,886,141)                   |
| Purchases of Investments                                                      | (14,873,961)                   | (3,377,086)              | (18,251,047)                         | (6,982,594)          | (401,887)           | (7,384,481)                              | -                                 | (25,635,528)                      |
| Sales of Investments                                                          | 2,192,881                      | 803,216                  | 2,996,097                            | 4,610,666            | 497,158             | 5,107,824                                | -                                 | 8,103,921                         |
| Funds Held In Trust                                                           | -                              | -                        | -                                    | (187,299)            | -                   | (187,299)                                | -                                 | (187,299)                         |
| Cash Received Upon Net Asset Transfer                                         | -                              | -                        | -                                    | -                    | -                   | -                                        | 1,355,990                         | 1,355,990                         |
| Net Cash Provided (Used) by Investing Activities                              | (21,838,428)                   | (5,333,577)              | (27,172,005)                         | (10,972,704)         | (1,309,594)         | (12,282,298)                             | 1,205,246                         | (38,249,057)                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |                                |                          |                                      |                      |                     |                                          |                                   |                                   |
| Proceeds from Refundable Entrance Fees and Refundable Deposits                | 3,077,220                      | 3,531,700                | 6,608,920                            | 777,080              | 539,300             | 1,316,380                                | -                                 | 7,925,300                         |
| Refunds from Refundable Entrance Fees and Refundable Deposits                 | (16,258,359)                   | (3,796,524)              | (20,054,883)                         | (3,217,538)          | (3,147,955)         | (6,365,493)                              | 12,269                            | (26,408,107)                      |
| Payments on Long-Term Debt                                                    | (7,105,725)                    | (706,478)                | (7,812,203)                          | (3,079,321)          | (1,108,747)         | (4,188,068)                              | (278,014)                         | (12,278,285)                      |
| Payments on Obligations Under Deferred-Giving Arrangements                    | -                              | -                        | -                                    | (60,785)             | -                   | (60,785)                                 | -                                 | (60,785)                          |
| Payments on Finance Leases                                                    | (68,276)                       | (7,813)                  | (76,089)                             | (15,117)             | (2,534)             | (17,651)                                 | (7,281)                           | (101,031)                         |
| Change in Due to ACOMM, Net                                                   | 5,176,732                      | (4,389,502)              | 787,230                              | (3,040,387)          | (421,093)           | (3,461,480)                              | (20,998)                          | (2,695,248)                       |
| Transfers to ACOMM                                                            | (500,000)                      | (116,250)                | (616,250)                            | (244,000)            | (75,750)            | (319,750)                                | -                                 | (936,000)                         |
| Net Cash Used by Financing Activities                                         | (15,678,408)                   | (5,484,867)              | (21,163,275)                         | (8,880,068)          | (4,216,779)         | (13,096,847)                             | (294,034)                         | (34,554,156)                      |
| <b>INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS,<br/>AND RESTRICTED CASH</b> | (755,491)                      | 100,102                  | (655,389)                            | 480,547              | 73,825              | 554,372                                  | 1,368,262                         | 1,267,245                         |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year               | 37,374,638                     | 6,553,910                | 43,928,548                           | 15,376,563           | 4,224,614           | 19,601,177                               | -                                 | 63,529,725                        |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>              | <u>\$ 36,619,147</u>           | <u>\$ 6,654,012</u>      | <u>\$ 43,273,159</u>                 | <u>\$ 15,857,110</u> | <u>\$ 4,298,439</u> | <u>\$ 20,155,549</u>                     | <u>\$ 1,368,262</u>               | <u>\$ 64,796,970</u>              |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                       |                                |                          |                                      |                      |                     |                                          |                                   |                                   |
| Cash Paid for Interest                                                        | \$ 5,105,381                   | \$ 806,735               | \$ 5,912,116                         | \$ 3,684,865         | \$ 1,174,318        | \$ 4,859,183                             | \$ 305,678                        | \$ 11,076,977                     |



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**EXHIBIT**

**E**

Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201

Department of the Treasury

Date: DEC 12 2006

ASBURY ATLANTIC INC  
201 RUSSELL AVE  
GAITHERSBURG MD 20877-2801

Person to Contact:  
Vaida Singleton  
ID# 31-03018  
Toll Free Telephone Number:  
877-829-5500  
Employer Identification Number:  
52-0607956

Dear Sir or Madam:

This is in response to the amendments to your organization's Articles of Incorporation filed with the state on September 27, 2006. We have updated our records to reflect the name change as indicated above.

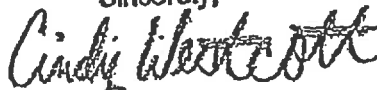
Our records indicate that a determination letter was issued in September 1996, that recognized you as exempt from Federal income tax. Our records further indicate that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Cindy Westcott  
Manager, Exempt Organizations  
Determinations