

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Asbury Communities, Inc.  
Frederick, Maryland

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Asbury Communities, Inc. (a Maryland nonprofit corporation) and its subsidiaries, which comprise consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Asbury Communities, Inc. and its subsidiaries as of December 31, 2021 and 2020, and the results of their operations, changes in net deficit, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### 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 Consolidated Financial Statements section of our report. We are required to be independent of Asbury Communities, Inc. and its subsidiaries 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

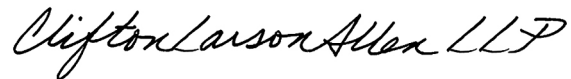
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Communities, Inc. and its subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asbury Communities, Inc. and its subsidiaries' 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations and changes in net deficit are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
April 20, 2022

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 22,454,699	\$ 17,138,359
Investments	79,373,931	88,424,726
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,022,955 and \$3,020,494 for December 31, 2021 and 2020, Respectively	10,865,348	10,270,490
Pledges Receivable, Net	650,359	506,249
Other Receivables and Prepaid Expenses	10,905,555	9,240,737
Investments Held under Bond Indenture	5,832,268	8,338,264
Total Current Assets	130,082,160	133,918,825
Property and Equipment, Net	398,222,838	401,586,562
Right-Of-Use Assets - Operating Leases	11,267,136	11,713,187
Investments Restricted by Donors	63,970,549	51,036,321
Deposits and Other Assets	2,523,804	2,817,771
Other Intangible Assets, Net	7,267,500	6,730,000
Investments Held under Bond Indenture	20,897,214	19,660,373
Long-Term Investments	384,953	18,144
Statutory Reserves	27,215,841	24,888,909
Investments Restricted by Board	5,242,248	17,860,417
Pledges Receivable, Net	7,158,088	3,906,043
Funds Held in Trust	6,713,440	6,351,185
Total Assets	\$ 680,945,771	\$ 680,487,737

See accompanying Notes to Consolidated Financial Statements.

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>LIABILITIES AND NET DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 19,567,746	\$ 22,350,094
Accrued Compensation and Related Items	10,775,401	10,830,006
Accrued Interest Payable	4,776,649	5,676,142
Obligations under Deferred-Giving Arrangements	718,147	996,438
Deposits from Prospective Residents	4,885,083	3,998,584
Entrance Fees - Refundable	10,021,005	5,945,579
Deferred Revenue	3,704,094	925,960
Current Portion of Lease Liabilities - Operating Leases	2,081,863	1,855,480
Current Portion of Long-Term Debt	10,160,680	19,541,663
Total Current Liabilities	66,690,668	72,119,946
Long-Term Lease Liabilities - Operating Leases	9,733,900	10,489,671
Long-Term Debt, Net	280,714,415	284,595,124
Contingent Refundable Entrance Fee Liability	194,833,348	203,848,075
Entrance Fees - Deferred Revenue	193,170,434	188,812,771
Reserve for LIFE Program	2,958,960	2,536,027
Obligations under Deferred-Giving Arrangements	3,248,351	3,346,679
Valuation of Derivative Instruments	1,083,556	1,409,689
Total Liabilities	752,433,632	767,157,982
<b>NET ASSETS (DEFICIT)</b>		
Without Donor Restriction	(118,998,633)	(127,176,921)
With Donor Restrictions	47,510,772	40,506,676
Total Net Deficit	(71,487,861)	(86,670,245)
Total Liabilities and Net Deficit	\$ 680,945,771	\$ 680,487,737

See accompanying Notes to Consolidated Financial Statements.

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND CHANGES IN NET DEFICIT**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Net Resident and Client Service Revenue	\$ 216,230,649	\$ 219,819,220
Other Operating Revenue	23,734,040	20,352,153
Amortization of Entrance Fees	29,960,535	30,247,754
Interest and Dividend Income, Net	3,645,517	5,764,709
Net Realized Gain on Investments	16,619,144	5,694,916
Net Unrealized Gain on Equity Securities	3,312,134	10,538,410
Contributions	2,910,492	4,177,439
Net Assets Released from Restrictions Used for Operations	899,862	903,484
Total Revenues, Gains, and Other Support	297,312,373	297,498,085
<b>EXPENSES</b>		
Salaries	107,149,370	107,327,208
Employee Benefits	25,731,999	19,831,060
Cost of Goods Sold	338,344	1,060,551
Contract Labor	22,090,299	22,816,100
Food Purchases	8,308,667	8,584,789
Medical Supplies and Other Resident Costs	25,076,404	26,677,156
General and Administrative	9,778,455	10,307,530
Building and Maintenance	28,589,762	28,168,903
Professional Fees and Insurance	3,194,334	2,782,969
Interest	11,618,666	12,355,895
Taxes	6,154,559	5,743,000
Provisions for Bad Debts	1,675,513	1,760,293
Depreciation and Amortization	37,801,935	36,079,390
Total Expenses	287,508,307	283,494,844
<b>INCOME FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS, LOSS ON RETIREMENT OF DEBT, INHERENT CONTRIBUTION, AND GAIN (LOSS) ON DISPOSAL OF ASSETS</b>	9,804,066	14,003,241
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	326,133	(706,043)
Loss on Retirement of Debt	(936,148)	-
Inherent Contribution	-	17,406,935
Gain (Loss) on Disposal of Assets	481,670	(36,665)
<b>INCOME FROM OPERATIONS</b>	9,675,721	30,667,468

See accompanying Notes to Consolidated Financial Statements.



**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND CHANGES IN NET DEFICIT (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>		
Income from Operations	\$ 9,675,721	\$ 30,667,468
Income (Loss) on Discontinued Operations	(2,921)	7,103
Net Assets Released from Restrictions Used for Purchases of Capital Items	1,055,795	3,030,379
Change in Value of Deferred-Giving Arrangements	(15,939)	(56,444)
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	<u>(2,534,368)</u>	<u>1,673,125</u>
Net Increase in Net Deficit Without Donor Restrictions	8,178,288	35,321,631
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	7,708,351	2,124,183
Inherent Contribution	-	8,184,826
Net Assets Released from Restrictions for Operations	(899,862)	(903,484)
Net Assets Released from Restrictions Used for Purchases of Capital Items	(1,055,795)	(3,030,379)
Net Investment Income	669,403	457,455
Change in Value of Deferred-Giving Arrangements	<u>581,999</u>	<u>(583,016)</u>
Net Increase in Net Assets With Donor Restrictions	<u>7,004,096</u>	<u>6,249,585</u>
<b>CHANGES IN NET DEFICIT</b>	15,182,384	41,571,216
Net Deficit - Beginning of Year	<u>(86,670,245)</u>	<u>(128,241,461)</u>
<b>NET DEFICIT - END OF YEAR</b>	<u><u>\$ (71,487,861)</u></u>	<u><u>\$ (86,670,245)</u></u>

See accompanying Notes to Consolidated Financial Statements.

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Deficit	\$ 15,182,384	\$ 41,571,216
Adjustments to Reconcile Changes in Net Deficit to Net Cash Provided by Operating Activities:		
Provision for Bad Debts	1,675,513	1,760,293
Paycheck Protection Program Loan Forgiveness	(8,066,835)	(747,700)
Depreciation and Amortization	37,801,935	36,079,390
Amortization of Deferred Financing Costs	341,121	342,840
Amortization of Bond Premium/Discount	(952,533)	(951,162)
Amortization of Entrance Fees	(29,960,535)	(30,247,754)
Net Proceeds from Nonrefundable Entrance and Advance Fees	34,232,313	26,045,527
Inherent Contribution	-	(17,406,935)
Inherent Contribution - Restricted Assets	-	(8,184,826)
Net Unrealized Gain on Investments	(1,447,169)	(12,668,990)
Net Unrealized (Gains) Losses on Change in Market Value of Derivative Instruments	(326,133)	706,043
Changes in Value of Deferred-Giving Arrangements	(566,060)	(639,460)
Restricted Contributions Received	(7,708,351)	(2,124,183)
(Gain) Loss on Disposal of Assets	(481,670)	36,665
Loss on Retirement of Debt	936,148	-
Changes in Assets and Liabilities:		
Accounts Receivable	(2,270,371)	(215,570)
Other Receivables and Prepaid Expenses	(423,819)	(242,529)
Deferred Entrance Fees	(1,225,875)	540,216
Deposits and Other Assets	293,967	(248,931)
Pledges Receivable, Net	(3,396,155)	(1,381,615)
Deferred Revenue	2,996,297	405,939
Accounts Payable and Accrued Expenses	(2,497,357)	2,550,059
Accrued Interest Payable	(899,493)	1,380,662
Net Cash Provided by Operating Activities	33,237,322	36,359,195
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment, Net	(34,494,041)	(32,599,792)
Funds Held in Trust	(362,255)	(1,005,761)
Cash Received Upon Affiliation	-	5,890,108
Sales of Investments, Net	8,935,420	10,580,145
Net Cash Used by Investing Activities	(25,920,876)	(17,135,300)

See accompanying Notes to Consolidated Financial Statements.

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	\$ 21,349,974	\$ 12,090,086
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits	(25,550,178)	(22,695,889)
Restricted Contributions	8,710,320	3,767,591
Paycheck Protection Program Loan Proceeds	-	8,814,535
Proceeds from Issuance of Debt	54,615,000	-
Premiums from Issuance of Debt	1,085,468	-
Change in Other Long-Term Liabilities	-	(569,508)
Payments on Long-Term Debt	(12,659,830)	(11,250,566)
Redemption of Long-Term Debt	(46,765,002)	-
Payments for Deferred Financing Costs	(915,553)	(5,783)
Payments on Obligations under Charitable Gift Annuities	(812,528)	(660,642)
Net Cash Used by Financing Activities	(942,329)	(10,510,176)
 <b>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	6,374,117	8,713,719
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	70,025,905	61,312,186
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 76,400,022	\$ 70,025,905
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 13,129,571	\$ 11,583,555

See accompanying Notes to Consolidated Financial Statements.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION**

Asbury Communities, Inc. (ACOMM), was organized on August 1, 1994, as a Maryland nonprofit organization to provide executive and comprehensive administrative functions, as well as policy and overall planning guidance, to its supported organizations. ACOMM serves as the supporting organization of Asbury Atlantic, Inc. (Asbury Atlantic); Asbury Communities HCBS, Inc. (HCBS); Bethany Development Inc. (BDC); Asbury, Inc. (Asbury Place) and Affiliate (Forest Ridge Manor); and Albright Care Services and Subsidiary (Albright) and Affiliate (Warrior Run). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

Asbury Atlantic, Inc. (Asbury Atlantic) – is a nonprofit, nonstock corporation organized under the laws of the state of Maryland. Asbury Atlantic has operating entities comprised of Asbury Methodist Village (AMV), Asbury Solomons (AS), Bethany Village (BV), and Springhill (SH).

- AMV is a continuing-care retirement community (CCRC) in Gaithersburg, Maryland. A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, healthcare, and other related health-care and lifestyle services to seniors.
- AS is a CCRC located in Solomons, Maryland.
- BV is a CCRC located in Mechanicsburg, Pennsylvania.
- SH is a CCRC located in Erie, Pennsylvania.

HCBS – is a nonprofit, nonstock corporation organized under the laws of the state of Maryland. HCBS was organized in 2011 to provide in-home services. On March 20, 2015, HCBS purchased the assets of a Medicare certified home health provider and began providing home health services insured by Medicare, Medicaid, and commercial insurance.

Asbury Place – On August 1, 2016, Asbury, Inc. (Asbury Place) and Affiliate (Forest Ridge Manor), a tax-exempt, Tennessee nonstock corporation, became an affiliate of the Company, by ACOMM serving as the supporting organization for Asbury Place. Asbury Place has two CCRCs located in Maryville and Kingsport and a 38-unit affordable housing facility, Forest Ridge Manor (FRM) located in Kingsport.

AFOUND – is a nonprofit, nonstock corporation organized under the laws of the state of Maryland. AFOUND is a supporting organization established to promote charitable giving from available resources to help fund the charitable programs of AMV, AS, BV, SH, Albright, and HCBS. ACOMM is the sole member of AFOUND.

TAG – was organized in 2006 as a for-profit Delaware corporation and provides management and technological support services to both affiliated and nonaffiliated continuing-care retirement communities. In addition, TAG provides comprehensive information technology services and support to all affiliated entities of the Company. TAG is a wholly owned subsidiary of ACOMM. On July 1, 2008, TAG formed TAG Integrated Technologies, LLC as a Delaware limited liability company. During 2021, ACOMM formed 1569 Teels Road, LLC, which is owned by TAG.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION (CONTINUED)**

BDC – BDC is a nonprofit 149-unit rental housing project for the elderly located in Mechanicsburg, Pennsylvania. BDC is operated under Section 207 pursuant to Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Albright – On January 1, 2020, Albright Care Services (Albright) and Subsidiary became an affiliate of the Company, by ACOMM serving as the supporting organization for Albright Care Services. Albright serves as the supporting organization of Warrior Run Manor Inc. (Warrior Run). Warrior Run is a controlled entity of Albright. Albright has two CCRCs located in Lewisburg and York, Pennsylvania. Albright also operates Albright Pharmacy Services and Albright Living Independence for Elderly (LIFE) Programs located in Lebanon, Lancaster, Lycoming, and Chester, Pennsylvania. Warrior Run is a nonprofit corporation that operates a 76-unit rental housing project for the elderly located in Watsontown, Pennsylvania. Warrior Run is operated under Section 207 pursuant to Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

**Business Combination**

On August 10, 2021, 1569 Teels Road, LLC entered into an asset purchase agreement to buy substantially all the assets of The Chandler Estate, Inc. (CE), an independent and personal care facility located in Pen Argyl, Pennsylvania. The liabilities assumed were limited to specific contracts or agreements entered into by the business. The total purchase price of the acquisition was \$10,967,295 and the transaction was completed on October 1, 2021. As a result of the acquisition, 1569 Teels Road, LLC acquired the land, building, furniture, fixtures and equipment for \$10,334,333. Additionally, 1569 Teels Road, LLC recognized \$537,500 of goodwill for the price paid in excess of the fair value of the identified assets (See Note 2).

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of ACOMM and its affiliates, Asbury Atlantic, HCBS, Asbury, Inc., Forest Ridge Manor, AFOUND, TAG, BDC, CE (effective October 1, 2021), and Albright (effective January 1, 2020) (collectively referred to as the Company). All significant intercompany transactions have been eliminated in consolidation.

**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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

**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 consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows at December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 22,454,699	\$ 17,138,359
Restricted Cash Included in Current Investments		
Held under Bond Indenture	5,832,268	8,338,264
Restricted Cash Included in Long-Term Investments		
Held under Bond Indenture	20,897,214	19,660,373
Restricted Cash Included in Statutory Reserves	<u>27,215,841</u>	<u>24,888,909</u>
Total Cash, Cash Equivalents, and Restricted		
Cash Shown in the Statements of Cash Flows	<u>\$ 76,400,022</u>	<u>\$ 70,025,905</u>

**Accounts Receivable and Contractual Allowances**

The Company's policy is to write off all accounts that have been identified as uncollectible. An allowance for doubtful accounts is recorded for accounts not yet written off, which are estimated to become uncollectible in future periods.

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 37% and 27% of the Company's total net resident service revenues for the years ended December 31, 2021 and 2020, respectively.

**Pledges Receivable and Fund Held in Trust**

Contributions to be received after one year are discounted at an appropriate discounted rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

The Company has received as contributions various types of split-interest obligations, including perpetual trusts that are included in funds held in trust.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

**Pledges Receivable and Fund Held in Trust (Continued)**

Amounts where the Company does not serve as trustee amounted to \$1,939,854 and \$1,897,957 as of December 31, 2021 and 2020, respectively. It is the policy of the Company to record such assets only when the Company's interest is deemed to be irrevocable by the management and where there is sufficient information to quantify a fair and accurate valuation. The Company's beneficial interest is recorded at the discounted present value of the gift. When the proceeds from these assets are received, the amount received is used for purposes designated by the donor, if any.

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 in the amount of \$4,773,586 and \$4,453,228 as of December 31, 2021 and 2020, respectively. Income earned on the trust assets and distributed to the Company is recorded as investment income on the consolidated statements of operations and changes in net deficit, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as valuation gain (loss) in beneficial interest in perpetual trusts in the net asset class with restrictions.

**Obligations Under Deferred-Giving Arrangements**

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 split-interest obligations are recorded as a change in value of split-interest agreements in the net assets without donor restrictions and net assets with donor restrictions.

**Investments and Investment Income**

Substantially all investments are held in an investment account with the Company, except investments held by Asbury Place, AFOUND, FRM, BDC, Warrior Run, and Albright. The investment pools are comprised of equity securities or equity mutual funds, bonds or bond mutual funds and cash. The equity securities and their related unrealized gains or losses are recorded above income (loss) from operations. The fixed income securities and other types of investments and their related unrealized gains or losses are recorded below income (loss) from operations. The investments are managed by an investment advisor. In addition, investments held under bond indenture with trustees are high-grade income securities.

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**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. 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 and related activity are allocated to each affiliate based on their proportion of their underlying holdings. The portion of investments that is available to fund current operating activities is included in current assets in the accompanying consolidated balance sheets. Donated investments are reported at their fair values at date of receipt.

Investment income or loss from equity securities, mutual funds and bonds includes interest and dividends, net of investment management fees; realized gains and losses on investments, unrealized gains and losses on equity security investments; and any provision for other-than-temporary impairment of investments and are included in 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.

The Company periodically 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 recorded as realized losses in the accompanying consolidated statements of operations and changes in net deficit.



**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**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 the proper level of 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 the Company continues to meet its objectives, the Company has established rebalancing guidelines and established mechanisms for ongoing monitoring of performance and risk.

**Derivatives Policy**

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 (loss) from operations.

**Investments Restricted by the Board**

Investments restricted by the board include assets set aside by the 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.

**Leases**

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets—operating lease, lease liability—operating leases, and finance leases are included in right-of-use (ROU) assets—financing and lease liability—financing, if any, in the consolidated balance sheets.

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.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

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 \$1,000 or more and having useful lives greater than two years.

Interest costs incurred on borrowed funds and deferred financing costs during the period of construction of capital assets are capitalized as a component 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 2021 or 2020.

**Advertising Expenses**

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the consolidated statements of operations and changes in net deficit. Advertising expense was \$1,353,920 and \$1,545,059 for the years ended December 31, 2021 and 2020, respectively.

**Other Intangible Assets**

The Company recorded \$5,480,000 of intangible assets from the affiliation of Asbury Place on August 1, 2016 for the skilled nursing beds Certificate of Need. The Company recorded \$1,250,000 of intangible assets from the HCBS purchase of the Certificate of Need for a Medicare-certified home health provider in 2015. The Company recorded \$537,500 of goodwill from the purchase of Chandler Estates on October 1, 2021.

Intangible assets are recorded at their estimated fair market value and not subject to amortization. Management periodically assesses the fair value of its intangible assets and has not recorded any impairment since their origination.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Collections**

Albright's collections include art and other items of historical significance and are maintained in the Slifer House Museum. The collections, which were acquired through contributions, were recognized at fair value based upon an appraisal. Gains or losses from deaccessions of these items are reported on the accompanying consolidated statements of changes in net assets in the net assets with donor restrictions. Donated collections of \$528,035 are included in property and equipment, net in the consolidated balance sheets for both the years ended December 31, 2021 and 2020.

**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 the Company.

**Continuing-Care Contracts**

The Company 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.

**Obligation to Provide Future Services**

The Company calculates the present value of the cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from resident entry fees to determine if a liability and corresponding charge to income should be recorded. As of December 31, 2021 and 2020, the present value of the net cost of future services and use of facilities does not exceed the deferred revenue from resident entry fees and, as such, no liability for the obligation to provide future services was required to be recorded.

**Accrued Compensation and Related Items**

The accrued compensation and related items include accruals as a result of having consolidated payroll and benefit functions.

**Resident and Client Services Revenue**

Resident and client 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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident and Client Services Revenue (Continued)**

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. 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.

The Company offers four types of resident entrance-fee options: a standard declining refund option, a 50% refundable option, an 80% refundable option and a nonrefundable option. The refundable option for Albright has a guaranteed refund component, 50% of entrance fees paid, and the balance, if any, was previously refundable on a decreasing basis over five years. A 90% refundable option was previously offered by BV, AMV, AS, Asbury Place, and Albright. A 100% refundable option was previously offered by BV, SH, AMV, AS, and Albright. BV previously offered an additional standard nine-year declining refund and 25% refundable option. Albright previously offered seven and ten-year declining refund options. The options currently offered to incoming residents vary among AMV, AS, BV, SH, Asbury Place, and Albright. All resident entrance fees are expected to be paid-in-full upon occupancy. Refunds of entrance fees for termination prior to occupancy are made within 30 days.

Under the standard declining refund option offered at communities except Asbury Place, the entrance fee is amortized over a period of five years resulting in an entrance fee refund balance that declines 1.667% per month over the five-year period to determine the refund amount. After that period, the refund is fully amortized and there is no refundable portion.

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

**Resident and Client Services Revenue (Continued)**

Under the standard declining refund option offered at Asbury Place, the entrance fee is amortized over a period of 50 months resulting in an entrance fee refund balance that declines 2% per month over the 50-month period. Under the nonrefundable entrance fee option, the entrance fee is not refundable after the designated occupancy date or actual date of occupancy, whichever is earlier. Under 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. In most cases, payment of an entrance fee refund is contingent upon a successor resident taking possession of the original residential unit.

At SH, for contracts dated prior to June 30, 2004, the refund occurs upon the receipt of a successor entrance fee or one year from termination date. At Albright, for contracts dated prior to September 30, 2020, the refund occurs after the resident has vacated the independent living unit or one year from the termination date.

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

Refundable entrance fees are recorded in the accompanying consolidated 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 amount but are refundable upon the receipt of a successor entrance fee, except at SH and Albright as noted above. Standard entrance fees are refundable upon termination of occupancy and the amount of refund is based upon the length of stay in the community.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident and Client Services Revenue (Continued)**

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

	<u>2021</u>	<u>2020</u>
Entrance Fees - Refundable	\$ 10,021,005	\$ 5,945,579
Contingent Refundable Entrance Fee Liability	194,833,348	203,848,075
Entrance Fees - Deferred Revenue:		
25% to 100% Refundable Contracts	10,992,509	9,517,289
Standard Entry Fee Option Contracts:		
50-Month Contracts	1,718,174	1,001,996
Five Year Contracts	174,936,603	168,675,038
Seven Year Contracts	2,953,890	7,398,211
Nine Year Contracts	1,475,812	1,893,120
Ten Year Contracts	6,507	13,672
Nonrefundable Contracts	<u>1,086,939</u>	<u>313,445</u>
Total Entrance Fees - Deferred Revenue	<u>193,170,434</u>	<u>188,812,771</u>
Total Entrance Fees	<u><u>\$ 398,024,787</u></u>	<u><u>\$ 398,606,425</u></u>

The Company also records revenue related to resident room and board, which, depending on the facility and contract type, could also include housekeeping, laundry, dining services, and future healthcare costs. 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.

Revenue from management and professional services operated with TAG's employees is recognized when services are rendered under management contracts or at the time specific milestones have been reached under development contracts based on the terms of the agreements. The management and professional services revenue is included in other operating revenue.

The composition of resident and client services by primary payor is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Medicaid	\$ 38,260,514	\$ 35,700,791
Medicare	38,368,550	40,587,450
Managed Care	3,397,996	3,742,184
Private Pay	<u>136,203,589</u>	<u>139,788,795</u>
Total Resident Services Revenue	<u><u>\$ 216,230,649</u></u>	<u><u>\$ 219,819,220</u></u>

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

**ASBURY COMMUNITIES, INC.**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident and Client Services Revenue (Continued)**

The composition of net resident and client service revenue based on its service lines, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2021 and 2020 are as follows:

	2021								Total
	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Asbury Communities HCBS, Inc.	Chandler Estates	
<b>Service Lines:</b>									
Skilled Nursing Facility	\$ 29,008,608	\$ 7,158,586	\$ 10,742,540	\$ 8,874,204	\$ 18,581,620	\$ 19,190,821	\$ -	\$ -	\$ 93,556,379
Assisted Living	10,383,562	2,523,500	8,468,929	1,868,707	6,615,650	3,872,093	-	450,915	34,183,356
Independent Living	29,453,061	8,776,392	9,526,752	5,269,048	5,123,149	4,582,269	-	298,925	63,029,596
Life Program	-	-	-	-	-	19,623,643	-	-	19,623,643
Pharmacy	-	-	-	-	-	2,044,885	-	-	2,044,885
Home Health	-	-	-	-	525,884	54,398	2,452,123	-	3,032,405
Retail Sales and Other	100,337	35,753	219,984	185,053	36,478	182,780	-	-	760,385
<b>Total</b>	<b>\$ 68,945,568</b>	<b>\$ 18,494,231</b>	<b>\$ 28,958,205</b>	<b>\$ 16,197,012</b>	<b>\$ 30,882,781</b>	<b>\$ 49,550,889</b>	<b>\$ 2,452,123</b>	<b>\$ 749,840</b>	<b>\$ 216,230,649</b>
<b>Method of Reimbursement:</b>									
Fee for Services	\$ 68,845,231	\$ 18,458,478	\$ 28,738,221	\$ 16,011,959	\$ 30,846,303	\$ 49,368,109	\$ 2,452,123	\$ 749,840	\$ 215,470,264
Retail Sales and Other	100,337	35,753	219,984	185,053	36,478	182,780	-	-	760,385
<b>Total</b>	<b>\$ 68,945,568</b>	<b>\$ 18,494,231</b>	<b>\$ 28,958,205</b>	<b>\$ 16,197,012</b>	<b>\$ 30,882,781</b>	<b>\$ 49,550,889</b>	<b>\$ 2,452,123</b>	<b>\$ 749,840</b>	<b>\$ 216,230,649</b>
<b>Timing of Revenue and Recognition:</b>									
<b>Health Care Services</b>									
Transferred Over Time	\$ 68,845,231	\$ 18,458,478	\$ 28,738,221	\$ 16,011,959	\$ 30,846,303	\$ 49,368,109	\$ 2,452,123	\$ 749,840	\$ 215,470,264
Sales at Point in Time	100,337	35,753	219,984	185,053	36,478	182,780	-	-	760,385
<b>Total</b>	<b>\$ 68,945,568</b>	<b>\$ 18,494,231</b>	<b>\$ 28,958,205</b>	<b>\$ 16,197,012</b>	<b>\$ 30,882,781</b>	<b>\$ 49,550,889</b>	<b>\$ 2,452,123</b>	<b>\$ 749,840</b>	<b>\$ 216,230,649</b>

	2020								Total
	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Asbury Communities HCBS, Inc.		
<b>Service Lines:</b>									
Skilled Nursing Facility	\$ 28,291,650	\$ 7,074,775	\$ 10,187,503	\$ 9,339,674	\$ 19,652,895	\$ 19,160,162	\$ -	\$ -	\$ 93,706,659
Assisted Living	11,678,642	2,189,629	8,498,155	2,051,438	6,802,055	3,839,098	-	-	35,059,017
Independent Living	29,961,413	9,274,118	9,348,725	5,280,543	4,929,580	4,409,371	-	-	63,203,750
Life Program	-	-	-	-	-	21,416,912	-	-	21,416,912
Pharmacy	-	-	-	-	-	1,503,934	-	-	1,503,934
Home Health	-	-	-	-	689,477	-	3,426,593	-	4,116,070
Retail Sales and Other	96,814	26,901	142,478	166,992	104,475	275,218	-	-	812,878
<b>Total</b>	<b>\$ 70,028,519</b>	<b>\$ 18,565,423</b>	<b>\$ 28,176,861</b>	<b>\$ 16,838,647</b>	<b>\$ 32,178,482</b>	<b>\$ 50,604,695</b>	<b>\$ 3,426,593</b>	<b>\$ -</b>	<b>\$ 219,819,220</b>
<b>Method of Reimbursement:</b>									
Fee for Services	\$ 69,931,705	\$ 18,538,522	\$ 28,034,383	\$ 16,671,655	\$ 32,074,007	\$ 50,329,477	\$ 3,426,593	\$ -	\$ 219,006,342
Retail Sales and Other	96,814	26,901	142,478	166,992	104,475	275,218	-	-	812,878
<b>Total</b>	<b>\$ 70,028,519</b>	<b>\$ 18,565,423</b>	<b>\$ 28,176,861</b>	<b>\$ 16,838,647</b>	<b>\$ 32,178,482</b>	<b>\$ 50,604,695</b>	<b>\$ 3,426,593</b>	<b>\$ -</b>	<b>\$ 219,819,220</b>
<b>Timing of Revenue and Recognition:</b>									
<b>Health Care Services</b>									
Transferred Over Time	\$ 69,931,705	\$ 18,538,522	\$ 28,034,383	\$ 16,671,655	\$ 32,074,007	\$ 50,329,477	\$ 3,426,593	\$ -	\$ 219,006,342
Sales at Point in Time	96,814	26,901	142,478	166,992	104,475	275,218	-	-	812,878
<b>Total</b>	<b>\$ 70,028,519</b>	<b>\$ 18,565,423</b>	<b>\$ 28,176,861</b>	<b>\$ 16,838,647</b>	<b>\$ 32,178,482</b>	<b>\$ 50,604,695</b>	<b>\$ 3,426,593</b>	<b>\$ -</b>	<b>\$ 219,819,220</b>

**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.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Charity Care**

It is the Company's policy to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and defines these expenses as charity care. Because the Company does not pursue collection of amounts determined to qualify as charity care, they are not reflected as revenue in the accompanying consolidated financial statements. Charity care provided to residents for the years ended December 31, 2021 and 2020 was \$3,095,185 and \$4,447,247, respectively.

**Occupancy Percentages**

During the years ended December 31, 2021 and 2020, 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:

	2021						
	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Normandie Ridge	Riverwoods
Total Skilled Nursing Center Occupancy	72%	92%	95%	87%	71%	87%	69%
Medicaid	51%	27%	28%	32%	49%	46%	59%
Medicare	24%	13%	9%	7%	23%	28%	17%
Private Pay and Other	25%	60%	63%	61%	28%	26%	24%

	2020						
	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Normandie Ridge	Riverwoods
Total Skilled Nursing Center Occupancy	72%	93%	97%	93%	75%	85%	76%
Medicaid	52%	25%	28%	27%	47%	58%	67%
Medicare	23%	13%	8%	6%	25%	17%	8%
Private Pay and Other	25%	62%	64%	67%	28%	25%	25%

**Provider Relief Funds**

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 has impacted various parts of its operations for the years ended December 31, 2021 and 2020 and financial results including but not limited to, personal protective equipment costs, additional costs for emergency preparedness, disease control and containment, additional testing, shortages of health care and other personnel, and loss of revenue due to reductions in certain revenue streams. Management believes the Company continues to take appropriate actions to mitigate the negative impact of this pandemic.



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

**Provider Relief Funds (Continued)**

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). Total grant funds approved and received by the Company was \$10,085,122 and \$12,283,952 for the years ended December 31, 2021 and 2020, respectively. The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2021 and 2020, the Company recognized \$7,427,676 and \$12,283,952, respectively, as other operating revenue in the consolidated statements of operations and changes in net deficit. At December 31, 2021 and 2020, the Company recognized \$2,657,446 and \$-0-, respectively, as deferred revenue in the consolidated balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2021 and 2020.

**Contributions**

Unconditional promises to give cash and other assets to the Company 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 as restricted support if they are received with contribution-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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated 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 consolidated 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.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inherent Contributions**

The Company recognized an inherent contribution related to the January 1, 2020 affiliation with Albright Care Services and Affiliate. The Company did not pay any consideration as part of the affiliation.

The following amounts were recorded at fair value on the acquisition date as result of the affiliation:

Cash and Cash Equivalents	\$ 5,890,108
Accounts Receivable, Net	3,280,479
Other Receivables and Prepaid Expenses	1,508,863
Property and Equipment, Net	54,209,331
Assets Whose Use Is Limited	15,935,980
Statutory Reserves	2,133,050
Donated Collections	529,685
Beneficial Interest in Perpetual Trusts	3,492,845
Other Assets	53,318
Total	<u>\$ 87,033,659</u>

Accounts Payable and Accrued Expenses	\$ 8,093,774
Contingent Refundable Entrance Fee Liability	16,797,466
Entrance Fees - Deferred Revenue	8,316,666
Long-Term Debt, Net	26,763,840
Other Long-Term Liabilities	1,470,152
Net Assets Without Donor Restrictions	17,406,935
Net Assets With Donor Restrictions	8,184,826
Total	<u>\$ 87,033,659</u>

There were no significant adjustments to the amounts recorded to conform to accounting policies.

**Net Assets 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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

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

*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.

Net assets with donor restrictions that are temporary in nature consist of assets held on behalf of Asbury Atlantic, Inc. by AFOUND, BV, and Albright. Albright also holds assets with donor restrictions that are temporary in nature. The net assets are primarily available to purchase equipment, provide charity care and for other health and educational services.

Net assets with donor restrictions that are perpetual in nature are amounts held by AFOUND and BV for the benefit of the Company. Albright holds assets with donor restrictions that are perpetual in nature. The net assets held by AFOUND are held in an investment portfolio with the objectives of 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 is unrestricted and has been expended to support benevolent care provided by Asbury Atlantic and Albright.

**Income (Loss) from Operations**

The accompanying consolidated statements of operations and changes in net deficit include income from operations, which is the Company's performance indicator. Changes in net assets (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, income (loss) on discontinued operations, change in value of deferred-giving arrangements, and net assets released from restriction used for purchase of capital items.

**Tax Status**

ACOMM and affiliates, except TAG, are 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. TAG and related entities are organized as for-profit entities and are subject to federal and state income taxes. Income taxes for TAG and related entities are recorded as deferred tax assets and included in other receivables and prepaid expenses in the accompanying consolidated balance sheets to reflect temporary book and tax differences.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

**Tax Status (Continued)**

The Company has implemented processes to ensure compliance with the Internal Revenue Service intermediate sanctions provisions for all its supported organizations, including the Company. This includes an independent review by the board's compensation committee 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.

The Company's income tax returns are 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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

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.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, 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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

**Reclassifications**

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

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 20, 2022, the date the consolidated financial statements were issued.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

As of December 31, 2021 and 2020, the Company has a working capital of \$63,391,492 and \$61,798,879, 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:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 22,454,699	\$ 17,138,359
Investments	79,373,931	88,424,726
Accounts Receivable, Net	10,865,348	10,270,490
Pledges Receivable, Net	650,359	506,249
Other Receivables	10,905,555	9,240,737
Investments Held Under Bond Indenture	<u>5,832,268</u>	<u>8,338,264</u>
Total Financial Assets	<u>\$ 130,082,160</u>	<u>\$ 133,918,825</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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**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. The Company 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.

**Skilled Nursing Facility Services**

**Medicare Reimbursement**

The Balanced Budget Act of 1997 modified how payment is made for Medicare SNF services. SNF's are reimbursed on the basis of a prospective payment system (PPS). The PPS payment rates are adjusted for case mix and geographic variation in wages and cover all costs of furnishing covered SNF services (routine, ancillary, and capital-related costs). Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. The Centers for Medicare and Medicaid Services (CMS) recently finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. 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.

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.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Medicare and Medicaid (Continued)**

Skilled Nursing Facility Services (Continued)

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 comprises three net operating components (resident care, other resident-related, and administrative) and one capital component.

The net operating components are based on 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 facility'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. Typically, the daily rate paid to the nursing facility is considered payment in full with no end-of-year settlements.

Tennessee Medicaid Reimbursement

Under the Tennessee Medicaid reimbursement system (Tennessee Medicaid), the determination of reimbursement rates is based upon costs and other statistical data reported on the annual Medicaid cost report and are subject to a statewide cap. An incentive add-on may be added to the per diem rate based upon the efficiency of the organization. Effective for the July 1, 2018 rate period, Medicaid rates are calculated using a case mix methodology. Rates are effective July 1st of the year following the cost report calendar year. Cost reports are subject to desk review or audit prior to setting of the rates.

Medical Home Health Services

HCBS is entitled to Medicare and Medicaid payments for certain patient charges at rates determined by federal and state governments. Differences between established billing rates and payments from these programs are recorded as contractual adjustments to patient service revenue. Retroactive changes in reimbursement resulting from final determination by the state Medicaid authority or fiscal intermediaries are reflected as changes in estimates, generally in the year of determination. In the opinion of management, adequate provision has been made for adjustments, if any, that may result from such reviews.



**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Other**

The Company has implemented a system wide voluntary compliance program instituted by the Company. 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.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2021 or 2020.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Company estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**State of Maryland Reserve Requirement**

The state of Maryland requires AMV and AS to set aside reserves equal to 15% of its net operating expenses (as defined) for the most recent fiscal year. As of December 31, 2021 and 2020, AMV and AS are in compliance with the reserve requirement. The total amount reserved for AMV is as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 91,735,175	\$ 87,963,853
Less: Depreciation and Amortization Expense	(16,574,199)	(15,487,856)
Interest Expense	(3,873,707)	(4,188,040)
Net Operating Expenses	<u>\$ 71,287,269</u>	<u>\$ 68,287,957</u>
 Total Operating Reserve (15% of Net Operating Expenses)	 <u>\$ 10,693,090</u>	 <u>\$ 10,243,194</u>
 Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 10,693,090</u>	 <u>\$ 10,243,194</u>
 Cash and Marketable Securities Available for Operating Reserve	 <u>\$ 16,396,072</u>	 <u>\$ 14,340,471</u>

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

	<u>2021</u>	<u>2020</u>
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 19,670,197	\$ 18,667,670
Less: Depreciation and Amortization Expense	(3,098,437)	(2,978,052)
Interest Expense	(723,285)	(1,191,287)
Net Operating Expenses	<u>\$ 15,848,475</u>	<u>\$ 14,498,331</u>
 Total Operating Reserve (15% of Net Operating Expenses)	 <u>\$ 2,377,271</u>	 <u>\$ 2,174,750</u>
 Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 2,377,271</u>	 <u>\$ 2,174,750</u>
 Cash and Marketable Securities Available for Operating Reserve	 <u>\$ 3,645,149</u>	 <u>\$ 3,044,650</u>

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Pennsylvania Department of Insurance Reserve Requirements**

On a calendar year basis, BV is 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 bad debt, computed only on the proportional share of financing or operating expenses that are applicable to residents of BV under continuing care agreements. The statutory minimum liquid reserve requirement as of December 31, 2021 and 2020 is \$3,766,121 and \$4,463,380, 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:

	<u>2021</u>	<u>2020</u>
Projected Annual Interest Expense	\$ 3,221,530	\$ 4,093,271
Principal Payments Due on Long-Term Debt	<u>2,208,287</u>	<u>1,898,647</u>
Liquid Reserve Requirement	5,429,817	5,991,918
Projected Annual Operating Expenses	30,839,960	29,338,990
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	3,083,996	2,933,899
Maximum Liquid Reserve Requirement	5,429,817	5,991,918
Approximate Percentage of Continuing Care Clients	<u>69%</u>	<u>74%</u>
Statutory Minimum Liquid Reserve	<u>\$ 3,766,121</u>	<u>\$ 4,463,380</u>

SH must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2021 and 2020 is \$1,237,199 and \$1,092,507, respectively, and is based on 10% of the projected annual operating expenses exclusive of depreciation and bad debt. The statutory minimum liquid reserve requirement as of December 31 for SH is as follows:

	<u>2021</u>	<u>2020</u>
Projected Annual Interest Expense	\$ 871,551	\$ 1,123,773
Principal Payments Due on Long-Term Debt	<u>596,713</u>	<u>506,353</u>
Liquid Reserve Requirement	1,468,264	1,630,126
Projected Annual Operating Expenses	18,253,154	17,177,788
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	1,825,315	1,717,779
Maximum Liquid Reserve Requirement	1,825,315	1,717,779
Approximate Percentage of Continuing Care Clients	<u>68%</u>	<u>64%</u>
Statutory Minimum Liquid Reserve	<u>\$ 1,237,199</u>	<u>\$ 1,092,507</u>

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

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

Normandie Ridge must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2021 and 2020 is \$1,040,321 and \$934,470, respectively, and is based on 10% of the projected annual operating expenses exclusive of depreciation and bad debt. The statutory minimum liquid reserve requirement as of December 31 for Normandie Ridge is as follows:

	<u>2021</u>	<u>2020</u>
Projected Annual Interest Expense	\$ 425,132	\$ 444,419
Principal Payments Due on Long-Term Debt	<u>669,135</u>	<u>699,333</u>
Liquid Reserve Requirement	1,094,267	1,143,752
Projected Annual Operating Expenses	14,436,878	13,218,145
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	1,443,688	1,321,815
Maximum Liquid Reserve Requirement	1,443,688	1,321,815
Approximate Percentage of Continuing Care Clients	<u>72%</u>	<u>71%</u>
Statutory Minimum Liquid Reserve	<u><u>\$ 1,040,321</u></u>	<u><u>\$ 934,470</u></u>

Riverwoods must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2021 and 2020 is \$1,130,979 and \$1,013,431, respectively, and is based on 10% of the projected annual operating expenses exclusive of depreciation and bad debt. The statutory minimum liquid reserve requirement as of December 31 for Riverwoods is as follows:

	<u>2021</u>	<u>2020</u>
Projected Annual Interest Expense	\$ 393,372	\$ 410,974
Principal Payments Due on Long-Term Debt	<u>735,131</u>	<u>646,705</u>
Liquid Reserve Requirement	1,128,503	1,057,679
Projected Annual Operating Expenses	21,468,848	19,602,870
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	2,146,885	1,960,287
Maximum Liquid Reserve Requirement	2,146,885	1,960,287
Approximate Percentage of Continuing Care Clients	<u>53%</u>	<u>52%</u>
Statutory Minimum Liquid Reserve	<u><u>\$ 1,130,979</u></u>	<u><u>\$ 1,013,431</u></u>

Pennsylvania statute also requires that all 10% deposits made by future residents of units be held in escrow. These funds are held in cash and cash equivalents.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5 CONCENTRATION OF CREDIT RISK**

The Company 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 was as follows at December 31:

	<u>2021</u>	<u>2020</u>
Private Pay	40 %	46 %
Medicaid	22	19
Medicare	29	25
Other (Primarily Managed Care and Insurance)	9	10
Total	<u>100 %</u>	<u>100 %</u>

**NOTE 6 INVESTMENTS**

The investment portfolios, including assets whose use is limited and investments restricted by board at fair value, consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Investments:		
Cash and Short-Term Investments	\$ 2,098,716	\$ 3,212,156
Fixed-Income Securities and Mutual Funds	25,379,456	28,798,677
Equity Securities and Equity Mutual Funds	51,895,759	56,413,893
Total Investments	<u>\$ 79,373,931</u>	<u>\$ 88,424,726</u>
Investments Restricted by Donors:		
Cash and Short-Term Investments	\$ 1,326,332	\$ 668,022
Fixed-Income Securities and Mutual Funds	20,800,723	17,954,056
Equity Securities and Equity Mutual Funds	41,786,578	32,268,405
Real Estate Mutual Funds and Other	56,916	145,838
Total Investments Restricted by Donors	<u>\$ 63,970,549</u>	<u>\$ 51,036,321</u>
Statutory Reserves:		
Cash and Short-Term Investments	<u>\$ 27,215,841</u>	<u>\$ 24,888,909</u>
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	<u>\$ 26,729,482</u>	<u>\$ 27,998,637</u>
Investments Restricted by Board:		
Cash and Short-Term Investments	\$ 98,160	\$ 514,105
Fixed-Income Securities and Mutual Funds	1,699,632	10,009,956
Equity Securities and Equity Mutual Funds	3,444,456	7,144,971
Other	-	191,385
Total Investments Restricted by Board	<u>\$ 5,242,248</u>	<u>\$ 17,860,417</u>

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 INVESTMENTS (CONTINUED)**

Assets limited as to use held by trustee under bond indenture are maintained for the following purposes as of December 31:

	<u>2021</u>	<u>2020</u>
Debt-Service Fund	\$ 5,919,712	\$ 7,274,445
Debt-Service Reserve Fund	18,075,837	18,104,872
Capital Improvement Fund	<u>2,733,933</u>	<u>2,619,320</u>
Total	26,729,482	27,998,637
Less: Current Portion	<u>(5,832,268)</u>	<u>(8,338,264)</u>
Long-Term Portion of Bond Indenture	<u><u>\$ 20,897,214</u></u>	<u><u>\$ 19,660,373</u></u>

The total return on investments, along with investments classified as assets whose use is limited and investments restricted by the board, including the change in the market value of derivative instruments, generated net investment income excluding capitalized interest income is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Included within the Company's Performance Indicator:		
Interest and Dividend Income, Net	\$ 3,645,517	\$ 5,764,709
Net Realized Gain on Investments	16,619,144	5,694,916
Net Unrealized Gain on Equity Security Investments	3,312,134	10,538,410
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	<u>326,133</u>	<u>(706,043)</u>
Total	23,902,928	21,291,992
Included in Other Changes in Net Deficit:		
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	<u>(1,864,965)</u>	<u>2,130,580</u>
Total	<u><u>\$ 22,037,963</u></u>	<u><u>\$ 23,422,572</u></u>

The Company engages professionals to manage its investment portfolio within guidelines of the Company's board-approved investment policy. Management periodically 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, 2021 and 2020, the Company did not identify any other than temporary declines in the fair value of investments.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 PROPERTY AND EQUIPMENT**

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

	<u>Useful Life</u>	<u>2021</u>	<u>2020</u>
Land and Improvements	10 to 40 Years	\$ 59,807,541	\$ 60,402,311
Buildings and Improvements	10 to 40 Years	734,872,528	689,569,902
Furniture and Equipment	2 to 15 Years	90,442,338	103,032,375
Construction in Progress		1,863,490	14,375,796
Total		<u>886,985,897</u>	<u>867,380,384</u>
Less: Accumulated Depreciation		<u>(488,763,059)</u>	<u>(465,793,822)</u>
Property and Equipment, Net		<u>\$ 398,222,838</u>	<u>\$ 401,586,562</u>

Depreciation expense was \$37,627,245 and \$36,035,208 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 8 PLEDGES RECEIVABLE**

Pledges receivable were recorded at their net present value using an estimated discounted rate and consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Amounts Expected to be Collected in:		
Less than One Year	\$ 650,359	\$ 506,249
One Year to Five Years	7,158,088	3,906,043
Total	<u>\$ 7,808,447</u>	<u>\$ 4,412,292</u>

Pledges receivable were recorded net of reserve for uncollectible pledges of \$137,368 and \$104,028 as of December 31, 2021 and 2020, respectively.

AFOUND, BV, and Albright are the beneficiaries of various charitable gift annuities created by donors, the assets for which AFOUND, BV, and Albright are not the advisors. AFOUND, BV, and Albright have legally enforceable rights on claims to such assets after the donor's or current beneficiary's death. The present value of these funds held in trust by others, based on the donor's or current beneficiary's life expectancy, is recorded as a net asset with donor restrictions.

Obligations related to charitable gift annuities issued by AFOUND, BV, and Albright 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 donor restrictions in the consolidated statements of operations and changes in net deficit. The present value of the liability is determined by discounting estimated future payments at the adjusted federal rate. This rate is adjusted annually and was 1.26% and 0.36% at December 31, 2021 and 2020, respectively. Changes in the present value of the liability are shown as changes in values of charitable gift annuities in the consolidated statements of operations and changes in net deficit.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 PLEDGES RECEIVABLE (CONTINUED)**

AFOUND is required by Maryland state law to maintain segregated assets for all annuities issued in an amount at least equal to the sum of its outstanding charitable gift annuities liability discounted to present value. At December 31, 2021 and 2020, AFOUND had segregated \$17,198,524 and \$11,666,223 as investments restricted by donors in the accompanying consolidated balance sheets as of December 31, 2021 and 2020, respectively, and, therefore, has met its minimum reserve requirement at December 31, 2021 and 2020. BV and Albright are not subject to any requirements under the Commonwealth of Pennsylvania.

**NOTE 9 DEBT**

Long-term debt consisted of the following at December 31:

	Interest Rate	Dates	2021	2020
Chandler Estate, Inc. Loan	Variable Rates	2022 - 2041	\$ 7,000,000	\$ -
Series 2021A PA Bonds	Fixed Rate Revenue Bonds	2034 - 2041	27,235,000	-
Series 2021B PA Bonds	Variable Rate Revenue Bonds	2022 - 2034	20,220,000	-
Series 2019A MD Bonds	Variable Rate Revenue Bonds	2019 - 2023	2,056,000	6,415,000
Series 2019B MD Bonds	Variable Rate Revenue Bonds	2019 - 2027	4,875,000	4,935,000
Series 2019 PA Bonds	Fixed Rate Revenue Bonds	2021 - 2045	56,810,000	58,600,000
Series 2018A MD Bonds	Fixed Rate Revenue Bonds	2023 - 2036	82,540,000	82,540,000
Series 2018B MD Bonds	Fixed Rate Revenue Bonds	2022 - 2027	13,180,000	13,555,000
Series 2018 Master Note	Variable Rates	2018 - 2035	12,710,000	13,771,000
Series 2016A TN Bonds	Fixed Rate Revenue Bonds	2024 - 2047	23,170,000	23,170,000
Series 2016B TN Bonds	Variable Rate Revenue Bonds	2018 - 2046	13,924,512	14,393,370
Series 2016C TN Bonds	Variable Rate Revenue Bonds	2017 - 2023	2,071,711	3,015,630
Series 2014 A Master Note	Variable Rates	2014 - 2040	8,458,286	8,743,322
Series 2012 PA Bonds	Fixed Rate Revenue Bonds	2014 - 2036	-	48,030,000
Total			<u>274,250,509</u>	<u>277,168,322</u>
Unamortized Bond Premium/Discount, Net			13,666,934	14,184,020
Unamortized Bond Financing Costs, Net			(4,731,316)	(4,863,370)
Current Portion Bonds Payable			(9,907,295)	(17,720,541)
Total Debt Payable			<u>273,278,832</u>	<u>268,768,431</u>
PPP Loan			-	8,066,835
Forest Ridge Manor HUD Advance			3,293,600	3,293,600
BDC HUD-Insured Mortgage Payable			1,013,385	1,167,841
Warrior Run HUD-Insured Mortgage Payable			3,247,882	3,318,771
MD Obligated Group Loan Payable			-	1,666,667
Forest Ridge Manor Affordable Housing Program Grant			134,101	134,101
Total			<u>7,688,968</u>	<u>17,647,815</u>
Current Portion Notes Payable			(253,385)	(1,821,122)
Total Notes Payable			<u>7,435,583</u>	<u>15,826,693</u>
Total Long-Term Debt			<u>\$ 280,714,415</u>	<u>\$ 284,595,124</u>



**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DEBT (CONTINUED)**

**Series 2021 Pennsylvania (PA) Bonds**

In June 2021, the Asbury Pennsylvania Obligated Group (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 10 below.

**Series 2019 Maryland (MD) Bonds**

In November 2019, the Asbury Maryland Obligated Group (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 equal to 81% of the sum of one-month LIBOR plus 1.0%, multiplied by a margin rate.

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.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 9 DEBT (CONTINUED)**

**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.

As required by the bond agreements, the PA Obligated Group established various reserve funds from the proceeds of the bonds. The respective bond agreements require certain other funds to be established and maintained by the bond trustee.

**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.

**Series A 2018 Master Note**

During the year ended December 31, 2018, Albright obtained a Series A 2018 tax exempt loan in the amount of \$14,404,000 to provide for the current refunding of the Series A 2013 and Series A 1997 debt. The note is payable over a term of 17 years with interest at a variable rate of 79% of 30-day LIBOR plus 1.39%.

**Series B 2018 Master Note**

During the year ended December 31, 2018, Albright obtained a Series B 2018 taxable term loan in the amount of \$1,503,000. The note is payable over a term of 7 years with interest at a variable rate of 79% of 30-day LIBOR plus 1.65%.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DEBT (CONTINUED)**

**Series C 2018 Hedge Contract**

During the year ended December 31, 2018, Albright entered into an interest rate swap to hedge variable interest rates on a portion of the Series A 2018 Master Note (\$2,873,000). The interest rate swap has a fixed rate of 4.235% with a termination date of October 4, 2025.

**Series 2016 Asbury Place (TN) Bonds**

In October 2016, Asbury Place issued its \$23,170,000 Revenue Refunding and Improvement Bonds (Series 2016A TN Bonds) through The Health and Educational Facilities Board of Blount County, Tennessee (THEFB). The purpose of the financing is primarily to provide funds, together with other available funds, to refund the outstanding Series 2010 TN Bonds, to pay a portion of the costs of improving and renovating the facilities at the Maryville and Kingsport locations, to fund a debt service fund, and to pay certain expenses incurred in connection with the issuance of the Series 2016A TN Bonds. Interest on the Series 2016A TN Bonds ranges from 4% to 5% and is payable on each January 1 and July 1, beginning on January 1, 2017.

Simultaneously with the issuance of the Series 2016A TN Bonds, Asbury Place also issued its \$18,000,000 Revenue Improvement Bonds (Series 2016B TN Bonds) through THEFB. The primary purpose of the Series 2016B TN Bonds financing is to provide additional funds to pay the costs of improving and renovating the facilities at the Maryville and Kingsport locations and to pay certain expenses incurred in connection with the issuance of the Series 2016B TN Bonds.

Simultaneously with the issuance of the Series 2016A TN Bonds and Series 2016B TN Bonds, Asbury Place also issued its \$6,236,858 Revenue Refunding Bonds (Series 2016C) through THEFB. The primary purpose of the Series 2016C TN Bonds financing was to refund the outstanding Series 2007A TN Bonds and to pay certain expenses incurred in connection with the issuance of the Series 2016C TN Bonds when they became callable on April 3, 2017. In addition, the Asbury Place forward-rate purchase agreement became effective.

Both the Series 2016B TN and Series 2016C TN Bonds are privately held bonds and bear interest at a variable rate equal to a percentage of one-month LIBOR plus a fixed credit spread and were issued using a draw-down structure, as the actual par amount of each of these series could be lower depending on costs of issuance and the costs of improvements to the facilities.

**Series A 2014 Master Note**

During the year ended December 31, 2014, Albright obtained a Series A 2014 Master Note with the maximum borrowing amount of \$10,000,000 to provide financing to support the approved capital projects of Albright. The note is payable over a term of 25 years with interest at a variable rate of 30 day LIBOR plus 2.70%, times 68%. Albright entered into an interest rate swap agreement which fixed the interest rate at 4.15%.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DEBT (CONTINUED)**

**Series 2012 Pennsylvania (PA) Bonds**

In October 2012, the PA Obligated Group entered into a loan agreement with the Cumberland County Municipal Authority (the Authority) pursuant to which the Authority sold the Series 2012 bonds. From the proceeds, the PA Obligated Group borrowed \$51,640,000 of Refunding Revenue Bonds Series 2012, (the Series 2012 PA Bonds). The Series 2012 PA Bonds are comprised of serial bonds at fixed rates between 2.4% and 5.25% with yields between 2.4% and 5.1%.

The proceeds of the Series 2012 PA Bonds were used to refund the remaining Series 2006 PA Bonds outstanding, to fund a deposit to the Debt Service Reserve Fund on the PA Bonds, and to pay a portion of the costs of issuance of the Series 2012 PA Bonds.

As required by the bond agreements, the PA Obligated Group established various reserve funds from the proceeds of the bonds. The respective bond agreements require certain other funds to be established and maintained by the bond trustee. During the year ended December 31, 2021, the proceeds of the Series 2021 PA Bonds were utilized to refund all of the Series 2012 PA Bonds.

**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 expense on deferred financing costs is included in interest expense and totaled \$341,121 and \$342,840 for the years ended December 31, 2021 and 2020, 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 \$952,533 and \$951,162 for the years ended December 31, 2021 and 2020, respectively.

**Liens and Covenants**

Collateral for the debt includes the trustee-held funds, as well as a security interest in the assets, accounts receivable, general intangibles, chattel paper, and certain other items of the respective obligated group.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DEBT (CONTINUED)**

**Liens and Covenants (Continued)**

Under the Maryland Master Loan Agreements, the lenders have a first lien and claim on all receipts of the Maryland Obligated Group, except the restricted donations and contributions. The terms of the indenture agreements restrict the Company's ability to create additional indebtedness, restrict its use of AMV and AS facilities, and require the Maryland Obligated Group to maintain stipulated insurance coverage. Additionally, the Maryland Obligated Group covenants require that it will fix, charge, and collect in each fiscal year amounts sufficient to meet a defined debt-service coverage ratio for the obligated group and will maintain a minimum days of cash-on-hand ratio. In addition, the Company has agreed to contribute cash to the Maryland Obligated Group under certain circumstances and has agreed to maintain a minimum days of cash-on-hand ratio.

Under the Pennsylvania Master Loan Agreements, the lenders have a first lien and claim on all receipts of the Pennsylvania Obligated Group, except the restricted donations and contributions. The terms of the indenture agreements restrict the Pennsylvania Obligated Group's ability to create additional indebtedness; restrict its use of SH and BV facilities; and require the Pennsylvania Obligated Group to maintain stipulated insurance coverage. Additionally, the Pennsylvania Obligated Group covenants require that it will fix, charge, and collect in each fiscal year amounts sufficient to meet a defined annual debt-service coverage ratio for the obligated group and will maintain a minimum days of cash-on-hand ratio. In addition, the Company has agreed to contribute cash to the Pennsylvania Obligated Group under certain circumstances and has agreed to maintain a minimum days of cash-on-hand ratio.

Under the Asbury Place Master Indenture, the lenders have a security interest in gross receipts (not charitable pledges), accounts, equipment, general intangibles inventory, documents, instruments, and chattel paper of Asbury Place. The terms of the indenture restrict the Company's ability to create additional indebtedness and require stipulated insurance coverage.

Under the Albright Master Note Agreements, the lenders have a security interest Albright's gross revenue, as defined in the indenture agreements, and by shared first lien mortgages on substantially all property and equipment now owned or hereafter acquired by the Albright. The first lien mortgages shall each be shared in priority and of equal parity with liens in place in favor of the Trustee for bondholders under the indenture. The Mortgage Note is collateralized by property and equipment.

Additionally the members of the respective obligated groups are subject to covenants relating to long-term debt service coverage ratio, days cash on hand, consolidation and merger, transfers of assets, and addition of or withdrawal of members from the respective obligated groups.

The Company is subject to various covenants under the bond agreements. These covenants include various reporting, financial, and operational requirements. As of December 31, 2021, management is not aware of any noncompliance with these covenants.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DEBT (CONTINUED)**

**Paycheck Protection Program**

During the year ended December 31, 2020, the Company received proceeds in the amount of \$8,814,535 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. During the years ended December 31, 2021 and 2020, the Company received formal forgiveness from the SBA in the amounts of \$8,066,835 and \$747,700, respectively. These amounts are recognized as other operating revenue on the consolidated statements of operations and changes in net deficit. As of December 31, 2021 and 2020, the portion of the PPP Loan not formally forgiven was \$-0- and \$8,066,835, respectively. These amounts are recognized as current portion of long-term debt on the consolidated balance sheets.

**Forest Ridge Manor HUD Advance**

Forest Ridge Manor (FRM) obtained a capital advance from HUD, in the amount of \$3,293,600 through the HUD Section 202 Capital Advance Program. Advances under this program bear no interest and are not required to be repaid so long as FRM remains available to very low-income households and continues to meet the requirements of HUD Section 202 until July 1, 2047, at which point the advance is forgiven. If default of the terms of the advance occurs, then HUD, at its option, may accelerate the entire principal balance. Upon acceleration, interest at the rate of 4.75% will be assessed from the date of the advance. In addition, monthly deposits for replacement reserves are required. The advance is collateralized by the project costs and the related land of FRM.

**BDC HUD-Insured Mortgage Payable**

BDC has a mortgage note that is HUD-insured pursuant to Section 223(f) that is payable in monthly installments of \$15,185, including interest at an annual rate of 2.53% through December 2027. In addition, monthly deposits for replacement reserves are required. The mortgage note is secured by the apartment project.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DEBT (CONTINUED)**

**Warrior Run Manor HUD-Insured Mortgage Payable**

In December 2013, Warrior Run refinanced its Section 207 Mortgage Note Payable to HUD with a HUD insured mortgage under Section 2233(a)(7) pursuant to Section 207/223(f) of the National Housing Act and Regulations. During this refinancing, Warrior Run borrowed funds in excess of the existing debt to finance renovations to the Project. The excess funds borrowed were placed into an escrow account, which is restricted for use by HUD and must be approved by HUD before disbursements can be made. This amount is reflected in assets whose use is limited on the consolidated balance sheets.

**Note Payables**

On January 16, 2015, Asbury Atlantic purchased approximately 29 acres of land adjacent to Bethany Village in Mechanicsburg, Pennsylvania, for a total purchase price of \$3,464,880. Of the total purchase price, \$2,429,990 was seller financed with a promissory note for five years at a fixed interest rate of 3.75%, which is secured by a lien on the land. The note was paid in full in January 2020.

In conjunction with termination of the Series 2006 Forward Contract, the Maryland Obligated Group also entered into two separate term loans, a \$7,500,000 term loan and a \$6,000,000 term loan. The \$7,500,000 term loan was paid off in full in 2018. The \$6,000,000 term loan was paid off in full in 2021.

**Forest Ridge Manor Affordable Housing Grant**

FRM obtained an Affordable Housing Program (AHP) grant in the amount of \$134,101. The grant bears no interest and is not required to be repaid and will be forgiven after fifteen years or the maturity date of July 20, 2023, as long as FRM maintained compliance with its requirements. Under the terms of the grant, FRM must maintain a residence for person having an income level at or below 50% of the median income estimate.

**Line of Credit**

Albright has an unsecured \$2,500,000 revolving demand line of credit with a financial institution that is renewable annually. The line of credit bears interest at the bank's prime rate plus 3.00% (6.25% as of December 31, 2021 and 2020). Borrowings on the line of credit totaled \$-0- for both the years ended December 31, 2021 and 2020. The line of credit supports two letters of credit, in the amount of \$400,041 and \$681,324 as of December 31, 2021 and 2020, respectively, in connection with Albright's participation in the LIFE program and participation in a captive insurance program that provides workers compensation, general and professional liability, and automobile insurance.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 9 DEBT (CONTINUED)**

**Debt Maturities**

A schedule of minimum maturities of debt for the next five years and thereafter, based on the current terms of the Company's loan agreements, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 10,160,680
2023	13,268,594
2024	13,244,297
2025	13,945,052
2026	14,431,039
Thereafter	<u>216,889,815</u>
Total	<u><u>\$ 281,939,477</u></u>

**NOTE 10 DERIVATIVE INSTRUMENTS**

Certain of the Company's affiliates 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 London Interbank Offered Rate (LIBOR). 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 consolidated statements of operations and changes in net deficit. The notional amounts decline over time to hedge the interest rate exposure for these affiliates. 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, 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 swap agreements in connection with the issuance of the Series 2019 bonds. Under these agreements, Asbury Atlantic pays a fixed rate of interest of 2.2226% (Series 2019A) and 2.3090% (Series 2019B) and receives payments based on a floating rate based upon 81% of one-month LIBOR. Payments on the Series 2019A agreement began on November 8, 2019 and will terminate on November 1, 2023. Payments on the Series 2019B agreement began on November 8, 2019 and will terminate on November 1, 2027.



**ASBURY COMMUNITIES, INC.**  
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**NOTE 10 DERIVATIVES (CONTINUED)**

Asbury Place entered into a forward contract concurrent with the issuance of the Series 2016 bonds. Under this agreement, Asbury Place pays a fixed rate of interest of 0.998% and received payments based on a floating rate based upon 67% of LIBOR. Payments on this forward contract agreement began on May 1, 2017 and will terminate on April 1, 2023.

Albright has two interest rate swap agreements which are considered derivative financial instruments with a financial institution. Albright entered into interest rate swap agreements to hedge variable interest rates on the Series 2014 Master Note and the Series 2018 Master Note, on December 15, 2015, and October 4, 2018, respectively, but elected not to elect hedge accounting for these arrangements.

The following schedule outlines the terms and fair market values of the derivative instruments on December 31:

	Series 2016	Series 2019A	Series 2019B	Series 2014	Series 2018	Series 2021B	CE Loan Payable	Total
Notional Amount - December 31, 2021	\$ 2,071,711	\$ 2,056,000	\$ 4,875,000	\$ 8,458,286	\$ 1,922,000	\$ 20,220,000	\$ 7,000,000	
Trade Date	10/6/2016	11/8/2019	11/8/2019	12/18/2014	10/4/2018	6/4/2021	11/15/2021	
Effective Date	4/3/2017	11/8/2019	11/8/2019	12/15/2015	10/4/2018	10/4/2021	11/15/2021	
Termination or Cancellation Date	4/1/2023	11/1/2023	11/1/2027	12/15/2040	10/4/2025	6/1/2033	11/15/2036	
Fixed Rate	0.998%	2.226%	2.309%	4.150%	4.235%	1.080%	3.751%	
Fair Value at December 31, 2019	\$ 3,631	\$ (19,740)	\$ (47,673)	\$ (520,296) *	\$ (119,568) *	\$ -	\$ -	\$ (703,646)
Unrealized Loss	(44,584)	(49,051)	(244,557)	(316,877)	(50,974)	-	-	(706,043)
Fair Value at December 31, 2020	(40,953)	(68,791)	(292,230)	(837,173)	(170,542)	-	-	(1,409,689)
Unrealized Gain (Loss)	27,392	60,406	181,882	400,355	82,693	(182,508)	(244,087)	326,133
Fair Value at December 31, 2021	\$ (13,561)	\$ (8,385)	\$ (110,348)	\$ (436,818)	\$ (87,849)	\$ (182,508)	\$ (244,087)	\$ (1,083,556)

\*This was the balance as of 12/31/19 before the affiliation with ACOMM. The liability is not included in the ACOMM 12/31/19 balance sheet.

The Company has included the fair market value of these derivative instruments as a liability of \$1,083,556 and \$1,409,689 as of December 31, 2021 and 2020, respectively, in the accompanying consolidated balance sheets.

Net unrealized gains (losses) on derivative instruments was \$326,133 and (\$706,043) in 2021 and 2020, respectively.

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were \$47,510,772 and \$40,506,676 as of December 31, 2021 and 2020, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$40,835,176 and \$36,433,304 as of December 31, 2021 and 2020, respectively. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent and charity care unless otherwise specified by donor.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

A summary of the net assets with donor restrictions that are to be held in perpetuity is as follows at December 31:

	<u>2021</u>	<u>2020</u>
Endowment Fund - Beginning of Year	\$ 36,433,304	\$ 30,089,473
Contributions	3,810,328	338,515
Inherent Contribution	-	6,537,667
Net Investment Income	6,123	19,573
Changes in Value of Obligations Under Charitable Gift Annuities	585,421	(551,924)
Endowment Fund - End of Year	<u>\$ 40,835,176</u>	<u>\$ 36,433,304</u>

**NOTE 12 RETIREMENT PLAN**

The Company, except Albright, FRM, and BDC, has a defined-contribution plan (the Plan) under IRC Section 401(k). All full-time employees of the Company are eligible to participate in the Plan. Employees may elect to defer up to \$19,500 of their base salary, subject to certain limitations. The employer's basic contribution is 3% of compensation for each eligible employee. The Company will also match the employee's contribution up to 2% of the employee's base salary. Albright and Warrior Run have a separate IRC Section 403(b) Plan. All full-time employees of Albright and Warrior Run are eligible to participate in this plan. Basic and matching contributions are at the discretion of Albright.

The employer's contribution expense for the years ended December 31, 2021 and 2020 was \$3,429,080 and \$3,572,213, respectively.

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

**General and Professional Liability Insurance**

The Company has a general and professional liability insurance policy (GL/PL) for all entities except for Albright and Warrior Run, which is claims-made based, through Caring Communities, a reciprocal Risk Retention Group. The GL/PL coverage has a limit of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. The Company also has excess coverage in effect with a limit of \$10,000,000 per claim and a \$30,000,000 annual aggregate. This policy has been renewed through December 31, 2022. Albright and Warrior Run are covered under a separate policy which provides professional liability insurance coverage of \$1,000,000 per occurrence with an aggregate limit of \$6,000,000. In addition, Albright and Warrior Run have an umbrella excess liability policy which provides for coverage of \$5,000,000 per occurrence and in the aggregate. The general liability and umbrella excess liability policies are for all insurance coverages, including professional liability.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

The Company, except for Albright and Warrior Run, participates in an insurance risk retention group, Caring 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. CCrRRG provides insurance coverage to its members, which are nonprofit, predominantly faith-based, senior housing, and healthcare providers. These members include continuing care retirement communities, affordable housing providers, and other organizations that offer a mix of product and services, including independent living, assisted living and skilled nursing. In January 2022, 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.

The Company executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2021, the Company’s capital contributions were \$560,508 which represents 2.52% of CCrRRG’s total Charter Capital. The percentage of the total Charter Capital may be affected by the future addition of members to CCrRRG.

**Health Insurance**

The Company has a self-funding arrangement for health insurance coverage. The Company has stop-loss coverage up to \$200,000 per participant with unlimited reimbursement after a \$50,000 aggregate deductible (one time across all claimants) in effect through December 31, 2022.

**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 consolidated financial position or results of operations.

**Lease Commitments**

The Company leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2031. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

In January 2017, the Company entered into an 11-year noncancelable office lease agreement for approximately 26,380 square feet of office in Frederick, Maryland, to be used as the Company’s corporate office. In accordance with the lease agreement, the term of the lease began in August 2017. The Company pays annual base rent payments ranging from \$501,220 to \$641,562.

**ASBURY COMMUNITIES, INC.**  
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**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Lease Commitments (Continued)**

In July 2019, TAG executed a two year lease agreement for office space in Mechanicsburg, Pennsylvania. The lease agreement includes an option to extend the term of the lease for two separate option periods, each option period being for a term of one year. TAG exercised its right to extend the lease term through June 30, 2023.

In November 2008, Albright entered into a 20-year noncancelable office lease agreement for approximately 17,273 square feet of office in Lancaster, Pennsylvania. In accordance with the lease agreement, the term of the lease began in November 2008. Albright pays annual base rent payments ranging from \$172,730 to \$220,216.

In March 2010, Albright entered into a 20-year noncancelable office lease agreement for approximately 15,013 square feet of office in Lebanon, Pennsylvania. In accordance with the lease agreement, the term of the lease began in March 2010. Albright pays annual base rent payments ranging from \$270,234 to \$284,634.

In August 2020, Albright entered into a 10-year noncancelable office lease agreement for approximately 11,132 square feet of office in Coatesville, Pennsylvania. In accordance with the lease agreement, the term of the lease began in November 2020, and Albright expects to occupy the office in mid-2021. Albright pays annual base rent payments ranging from \$170,316 to \$212,508.

Total lease costs for the years ended December 31, 2021 and 2020 was \$3,271,334 and \$2,970,080, respectively.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2021 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 2,380,462
2023	2,256,569
2024	1,962,981
2025	1,752,994
2026	1,389,864
Thereafter	<u>3,221,098</u>
Total	12,963,968
Less: Interest Expense	<u>(1,148,205)</u>
Amounts Recognized in the Consolidated Balance Sheets	<u><u>\$ 11,815,763</u></u>

**ASBURY COMMUNITIES, INC.**  
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**NOTE 14 FUNCTIONAL EXPENSES**

The Company provides continuing and long-term care for the aging. Expenses related to providing these services were as follows at December 31:

	2021		Total
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	
Salaries and Wages	\$ 107,149,370	\$ -	\$ 107,149,370
Employee Benefits	25,731,999	-	25,731,999
Cost of Goods Sold	338,344	-	338,344
Contract Labor	22,090,299	-	22,090,299
Food Purchases	8,308,667	-	8,308,667
Medical Supplies and Other Resident Costs	25,076,404	-	25,076,404
General and Administrative	-	9,778,455	9,778,455
Building and Maintenance	28,589,762	-	28,589,762
Professional Fees and Insurance	3,194,334	-	3,194,334
Interest	11,618,666	-	11,618,666
Taxes	6,154,559	-	6,154,559
Provision for Bad Debts	1,675,513	-	1,675,513
Depreciation and Amortization	37,801,935	-	37,801,935
Total Functional Expenses	<u>\$ 277,729,852</u>	<u>\$ 9,778,455</u>	<u>\$ 287,508,307</u>
	2020		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	\$ 107,327,208	\$ -	\$ 107,327,208
Employee Benefits	19,831,060	-	19,831,060
Cost of Goods Sold	1,060,551	-	1,060,551
Contract Labor	22,816,100	-	22,816,100
Food Purchases	8,584,789	-	8,584,789
Medical Supplies and Other Resident Costs	26,677,156	-	26,677,156
General and Administrative	-	10,307,530	10,307,530
Building and Maintenance	28,168,903	-	28,168,903
Professional Fees and Insurance	2,782,969	-	2,782,969
Interest	12,355,895	-	12,355,895
Taxes	5,743,000	-	5,743,000
Provision for Bad Debts	1,760,293	-	1,760,293
Depreciation and Amortization	36,079,390	-	36,079,390
Total Functional Expenses	<u>\$ 273,187,314</u>	<u>\$ 10,307,530</u>	<u>\$ 283,494,844</u>

Included in management and general expenses are other general and administration expenses.

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 15 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.

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.

The following table sets forth by level within the fair value hierarchy the Company'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, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and Short-Term Investments	\$ 57,468,531	\$ -	\$ -	\$ 57,468,531
Fixed-Income Securities and Mutual Funds	47,879,811	-	-	47,879,811
Equity Securities and Mutual Funds	97,126,793	-	-	97,126,793
Real Estate Mutual Funds and Other	56,916	-	-	56,916
Subtotal	202,532,051	-	-	202,532,051
Beneficial Interest in Perpetual Trusts	-	-	4,773,586	4,773,586
Total Assets	<u>\$ 202,532,051</u>	<u>\$ -</u>	<u>\$ 4,773,586</u>	<u>\$ 207,305,637</u>
<b>Liabilities</b>				
Derivative Instruments	<u>\$ -</u>	<u>\$ 1,083,556</u>	<u>\$ -</u>	<u>\$ 1,083,556</u>
<b>At Fair Value as of December 31, 2020</b>				
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and Short-Term Investments	\$ 57,281,829	\$ -	\$ -	\$ 57,281,829
Fixed-Income Securities and Mutual Funds	56,762,689	-	-	56,762,689
Equity Securities and Mutual Funds	95,827,269	-	-	95,827,269
Real Estate Mutual Funds	337,223	-	-	337,223
Subtotal	210,209,010	-	-	210,209,010
Beneficial Interest in Perpetual Trusts	-	-	4,453,228	4,453,228
Total Assets	<u>\$ 210,209,010</u>	<u>\$ -</u>	<u>\$ 4,453,228</u>	<u>\$ 214,662,238</u>
<b>Liabilities</b>				
Derivative Instruments	<u>\$ -</u>	<u>\$ 1,409,689</u>	<u>\$ -</u>	<u>\$ 1,409,689</u>

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 15 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table provides a summary of unobservable inputs related to the Organization's beneficial interest in perpetual trusts as of December 31:

Instrument	Fair Value	2021	
		Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	\$ 4,773,586	FMV of Trust Investments	Term of Distributions

Instrument	Fair Value	2020	
		Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	\$ 4,453,228	FMV of Trust Investments	Term of Distributions

There were no purchases, sales or transfers for the years ended December 31, 2021 and 2020 related to the beneficial interest in perpetual trusts.

**NOTE 16 INCOME TAXES**

The components of the taxable subsidiaries' (benefit) provision for income taxes consist of the following for the years ended December 31:

	2021	2020
Current:		
Federal	\$ -	\$ -
State	(4,264)	6,875
Total Current	<u>(4,264)</u>	<u>6,875</u>
Deferred:		
Federal	100,373	(6,875)
State	(19,917)	-
Valuation Allowance	-	-
Total Deferred	<u>80,456</u>	<u>(6,875)</u>
Total	<u>\$ 76,192</u>	<u>\$ -</u>

**ASBURY COMMUNITIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 16 INCOME TAXES (CONTINUED)**

The components of deferred tax assets and liabilities are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Net Operating Loss Carryforwards	\$ 1,046,775	\$ 1,115,607
Accrued Paid Time-Off Benefits	5,331	2,741
Accrued Salaries	-	69,191
Accrued Expenses	1,450	60,489
Interest Expense Limitation	-	33,910
Deferred Revenue	6,171	-
Prepaid Insurance	(26,659)	(2,702)
Intangibles	(2,582)	-
Investments	69,850	-
Depreciation	(236,950)	(17,742)
Amortization	7,357	13,245
Federal Benefit of State Deferred	(42,626)	(38,443)
Provision for Bad Debt	14,077	18,949
Book-Tax Difference	-	115
Total	<u>842,194</u>	<u>1,255,360</u>
Valuation Allowance	<u>(339,930)</u>	<u>(672,639)</u>
Deferred Tax Asset	<u>\$ 502,264</u>	<u>\$ 582,721</u>

The effective tax rate of the taxable subsidiaries differs from the statutory federal tax rate primarily due to the impact of current year PPP loan forgiveness.



**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
<b>ASSETS</b>																
<b>CURRENT ASSETS</b>																
Cash and Cash Equivalents	\$ 15,272,856	\$ 89,182	\$ 103,483	\$ 732,397	\$ 681,024	\$ 1,869,159	\$ 1,872,339	\$ 129,321	\$ 179,128	\$ 79,364	\$ 49,994	\$ 1,172,398	\$ 359	\$ 223,695	\$ -	\$ 22,454,699
Investments	21,584,378	24,626,320	10,598	4,835,425	722,394	12,927,629	14,632,735	-	-	-	-	-	-	34,452	-	79,373,931
Accounts Receivable, Net	-	2,811,495	748,023	742,942	522,658	1,734,116	3,381,481	-	280,981	-	602,721	30,489	10,442	-	-	10,865,348
Pledges Receivable, Net	-	-	-	-	-	-	-	-	-	650,359	-	-	-	-	-	650,359
Other Receivables and Prepaid Expenses	399,037	4,845,483	1,611,172	1,117,077	311,818	473,111	1,840,767	43,051	166,744	38,485	136,870	79,601	6,112	20,280	(184,053)	10,905,555
Investments Held under Bond Indenture	-	2,428,047	289,987	2,011,288	525,343	577,803	-	-	-	-	-	-	-	-	-	5,832,268
<b>Total Current Assets</b>	<b>37,256,271</b>	<b>34,800,527</b>	<b>2,763,263</b>	<b>9,439,129</b>	<b>2,763,237</b>	<b>17,581,818</b>	<b>21,727,322</b>	<b>172,372</b>	<b>626,853</b>	<b>768,208</b>	<b>789,585</b>	<b>1,282,488</b>	<b>16,913</b>	<b>278,427</b>	<b>(184,053)</b>	<b>130,082,160</b>
Due from ACOMM, Net	-	61,166,629	12,381,078	15,842,442	-	-	-	-	-	-	-	-	-	-	(89,390,149)	-
Property and Equipment, Net	1,533,832	139,246,096	38,177,740	76,526,517	18,035,495	55,082,151	55,141,132	1,167,405	123,422	5,329	818,306	10,297,421	2,276,172	889,348	(1,097,528)	398,222,838
Right-Of-Use Assets - Operating Leases	3,029,425	976,833	135,461	413,392	303,957	408,179	5,930,146	-	-	-	52,542	17,201	-	-	-	11,267,136
Investments Restricted by Donors	-	-	-	15,334,771	-	53,391	5,505,730	-	-	43,076,657	-	-	-	-	-	63,970,549
Deposits and Other Assets	868,907	579,265	-	11,360	8,597	55,289	393,143	22,213	500	-	506,162	-	17,464	60,904	-	2,523,804
Other Intangible Assets	-	-	-	-	-	5,480,000	-	-	1,250,000	-	-	537,500	-	-	-	7,267,500
Investments Held under Bond Indenture	-	7,241,647	1,230,604	6,161,177	1,582,082	1,947,771	-	555,778	-	-	-	-	85,904	2,092,251	-	20,897,214
Long-Term Investments	1,349,596	-	-	-	-	-	-	-	-	-	326,973	-	-	-	(1,291,616)	384,953
Statutory Reserves	-	16,396,072	3,645,149	3,766,121	1,237,199	-	2,171,300	-	-	-	-	-	-	-	-	27,215,841
Investments Restricted by Board	-	1,420,314	-	3,785,145	-	-	36,789	-	-	-	-	-	-	-	-	5,242,248
Pledges Receivable, Net	-	-	-	-	-	-	-	-	-	7,158,088	-	-	-	-	-	7,158,088
Funds Held in Trust	-	-	-	-	-	-	4,773,586	-	-	1,939,854	-	-	-	-	-	6,713,440
Beneficial Interest in Net Assets of Foundation and Other Perpetual Trust	-	19,392,162	2,996,042	6,958,138	530,513	96,066	661,179	-	191,404	-	-	-	-	-	(30,825,504)	-
<b>Total Assets</b>	<b>\$ 44,038,031</b>	<b>\$ 281,219,545</b>	<b>\$ 61,329,337</b>	<b>\$ 138,238,192</b>	<b>\$ 24,461,080</b>	<b>\$ 80,704,465</b>	<b>\$ 96,340,327</b>	<b>\$ 1,917,768</b>	<b>\$ 2,192,179</b>	<b>\$ 52,948,136</b>	<b>\$ 2,493,568</b>	<b>\$ 12,134,610</b>	<b>\$ 2,396,453</b>	<b>\$ 3,320,930</b>	<b>\$ (122,788,850)</b>	<b>\$ 680,945,771</b>

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>																
<b>CURRENT LIABILITIES</b>																
Accounts Payable and Accrued Expenses	\$ 15,397,554	\$ 1,440,286	\$ 63,345	\$ 263,657	\$ 156,577	\$ 688,794	\$ 859,672	\$ 81,029	\$ 116,613	\$ 3,385	\$ 411,675	\$ 27,696	\$ 26,665	\$ 198,025	\$ (167,227)	\$ 19,567,746
Accrued Compensation and Related Items	8,130,827	47,494	-	-	-	623,154	1,443,920	-	111,209	-	319,610	13,693	896	84,598	-	10,775,401
Accrued Interest Payable	-	2,054,049	292,610	1,398,747	372,675	606,418	39,999	10,014	-	-	-	-	-	2,137	-	4,776,649
Obligations under Deferred-Giving Arrangements	-	-	-	81,831	-	-	46,472	-	-	589,844	-	-	-	-	-	718,147
Deposits from Prospective Residents	-	2,730,805	284,330	753,626	184,019	129,230	565,002	-	-	-	238,071	-	-	-	-	4,885,083
Entrance Fees - Refundable	-	5,336,725	1,826,493	737,624	584,476	756,497	779,190	-	-	-	-	-	-	-	-	10,021,005
Deferred Revenue	-	1,313,290	218,520	337,746	315,531	1,021,961	468,004	-	1,288	5,315	21,418	972	9	40	-	3,704,094
Current Portion of Lease Liabilities - Operating Leases	463,344	228,254	33,928	126,462	116,400	119,900	947,833	-	-	-	34,767	10,975	-	-	-	2,081,863
Current Portion of Long-Term Debt	-	3,092,213	1,151,787	2,208,263	596,737	1,454,029	1,404,266	73,555	-	-	21,421	-	-	158,409	-	10,160,680
Total Current Liabilities	23,991,725	16,243,116	3,671,013	5,907,956	2,326,415	5,399,983	6,554,358	164,598	229,110	598,544	787,470	312,828	27,570	443,209	(167,227)	66,690,668
Due to ACOMM, Net	42,337,026	-	-	-	4,152,554	952,985	7,920,100	-	7,528,929	18,653,269	3,016,318	4,845,793	-	-	(89,406,974)	-
Long-Term Lease Liabilities - Operating Leases	3,114,709	748,579	101,533	286,930	187,557	288,279	4,982,313	-	-	-	17,774	6,226	-	-	-	9,733,900
Long-Term Debt, Net	-	91,794,310	12,677,934	81,819,559	22,452,615	38,224,705	19,519,286	3,092,045	-	-	-	6,891,658	3,427,701	814,602	-	280,714,415
Contingent Refundable Entrance Fee Liability	-	108,072,071	24,806,544	15,072,752	15,768,122	26,082,319	5,031,540	-	-	-	-	-	-	-	-	194,833,348
Entrance Fees - Deferred Revenue	-	85,161,591	34,270,324	39,331,255	8,446,364	5,390,659	20,570,241	-	-	-	-	-	-	-	-	193,170,434
Reserve for LIFE Program	-	-	-	-	-	-	2,958,960	-	-	-	-	-	-	-	-	2,958,960
Obligations under Deferred-Giving Arrangements	-	-	-	193,380	-	-	213,184	-	-	2,841,787	-	-	-	-	-	3,248,351
Valuation of Derivative Instruments	-	113,770	4,963	140,711	41,797	13,561	524,667	-	-	-	-	244,087	-	-	-	1,083,556
Total Liabilities	69,443,460	302,133,437	75,732,311	142,752,543	53,375,424	76,352,491	68,274,649	3,256,643	7,758,039	22,093,600	3,821,562	12,300,592	3,455,271	1,257,811	(89,574,201)	752,433,632
<b>NET ASSETS (DEFICIT)</b>																
Without Donor Restrictions	(25,405,429)	(40,306,054)	(17,399,016)	(18,896,331)	(29,444,857)	4,071,800	18,356,212	(1,338,875)	(5,757,264)	-	(1,327,994)	(165,982)	(1,058,818)	2,063,119	(2,389,144)	(118,998,633)
With Donor Restrictions	-	19,392,162	2,996,042	14,381,980	530,513	280,174	9,709,466	-	191,404	30,854,536	-	-	-	-	(30,825,505)	47,510,772
Total Net Assets (Deficit)	(25,405,429)	(20,913,892)	(14,402,974)	(4,514,351)	(28,914,344)	4,351,974	28,065,678	(1,338,875)	(5,565,860)	30,854,536	(1,327,994)	(165,982)	(1,058,818)	2,063,119	(33,214,649)	(71,487,861)
Total Liabilities and Net Assets (Deficit)	\$ 44,038,031	\$ 281,219,545	\$ 61,329,337	\$ 138,238,192	\$ 24,461,080	\$ 80,704,465	\$ 96,340,327	\$ 1,917,768	\$ 2,192,179	\$ 52,948,136	\$ 2,493,568	\$ 12,134,610	\$ 2,396,453	\$ 3,320,930	\$ (122,788,850)	\$ 680,945,771

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT**  
**YEAR ENDED DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>																
Net Resident and Client Service Revenue	\$ -	\$ 68,945,568	\$ 18,494,231	\$ 28,958,205	\$ 16,197,012	\$ 30,882,781	\$ 49,550,889	\$ -	\$ 2,452,123	\$ -	\$ 749,840	\$ -	\$ -	\$ -	\$ -	\$ 216,230,649
Other Operating Revenue	14,425,359	2,116,090	271,781	1,045,484	619,142	6,565,800	6,498,044	719,359	219,876	-	10,775,043	4,175	266,097	1,402,051	(21,214,261)	23,734,040
Amortization of Entrance Fees	-	12,961,333	5,160,965	5,712,939	1,687,314	782,280	3,655,704	-	-	-	-	-	-	-	-	29,960,535
Interest and Dividend Income, Net	643,192	1,017,316	91,466	566,085	51,461	338,387	263,234	53	454	736,383	-	4	77	1,754	(64,349)	3,645,517
Net Realized Gain on Investments	3,491,754	5,819,712	431,459	1,765,831	240,049	1,214,702	3,166,979	-	-	486,676	1,982	-	-	-	-	16,619,144
Net Unrealized Gain (Loss) on Equity Securities	(900,941)	(1,510,021)	(107,181)	1,244,161	(60,691)	(46,289)	-	-	-	4,693,096	-	-	-	-	-	3,312,134
Contributions	-	-	-	-	-	-	342,899	-	-	2,567,593	-	-	-	-	-	2,910,492
Net Assets Released from Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Used for Operations	-	-	-	-	-	-	23,949	-	-	875,913	-	-	-	-	-	899,862
Allocations from Asbury Foundation, Inc.	-	5,175,972	701,793	1,385,693	109,009	75,080	68,840	-	908	-	-	-	-	-	(7,517,295)	-
Total Revenues, Gains, and Other Support	17,659,364	94,525,970	25,044,514	40,678,398	18,843,296	39,832,741	63,570,538	719,412	2,673,361	9,359,661	10,777,025	754,019	266,174	1,403,805	(28,795,905)	297,312,373
<b>EXPENSES</b>																
Salaries	10,787,403	30,250,534	6,341,009	10,649,555	7,455,214	15,440,247	19,499,238	131,391	1,930,183	-	5,316,627	189,485	29,954	464,756	(1,336,226)	107,149,370
Employee Benefits	2,109,863	6,452,580	1,900,555	2,889,146	2,187,314	3,586,933	5,369,688	21,028	263,883	-	947,108	23,541	9,200	118,521	(147,161)	25,731,999
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	338,344	-	-	-	-	338,344
Contract Labor	80,607	3,876,496	1,186,247	2,151,458	1,543,307	6,025,541	6,455,896	-	33,971	-	756,776	-	-	-	-	22,090,299
Food Purchases	-	3,063,129	823,254	959,062	605,020	1,611,667	1,224,489	-	-	-	-	-	22,046	-	-	8,308,667
Medical Supplies and Other Resident Costs	-	4,575,834	832,876	1,330,904	733,533	2,441,684	15,076,361	-	10,780	-	-	26,023	43	48,386	-	25,076,404
General and Administrative	2,041,247	1,757,468	462,341	524,769	378,287	1,074,322	1,381,451	67,866	193,710	1,152,764	479,942	52,513	75,825	175,550	(39,600)	9,778,455
Building and Maintenance	838,516	8,526,911	2,207,524	3,804,811	1,693,516	3,940,893	5,931,919	143,780	308,764	49,139	587,369	108,415	156,243	291,962	-	28,589,762
Professional Fees and Insurance	45,521	844,456	205,521	356,602	210,746	744,442	609,965	29,390	3,845	484	81,598	16,357	12,719	32,688	-	3,194,334
Interest	39,443	3,740,448	660,940	3,788,877	1,046,403	1,470,878	704,723	138,887	5,822	7,532	6,187	33,733	-	39,142	(64,349)	11,618,666
Taxes	7,674	2,270,861	729,137	996,512	170,227	1,615,418	246,497	-	-	-	76,162	41,764	137	170	-	6,154,569
Provisions for (Recoveries of) Bad Debts	-	604,076	(118,302)	170,622	27,660	395,143	557,116	-	16,659	33,340	(11,128)	327	-	-	-	1,675,513
Depreciation and Amortization	633,306	17,544,328	3,269,530	5,142,967	1,996,538	4,130,733	4,136,785	198,363	25,665	4,047	493,391	122,564	99,406	129,469	(125,157)	37,801,935
Overhead Allocation	-	-	-	-	-	-	(3,176)	-	3,176	-	-	-	-	-	-	-
Management Fee and Other Fees	1,473,988	8,079,837	1,672,978	2,453,770	1,579,872	12,713	3,924,219	-	332,263	5,874	116,615	39,146	-	-	(19,691,275)	-
Allocations to Asbury Foundation, Inc.	-	-	-	-	-	-	-	-	-	7,517,294	-	-	-	-	(7,517,294)	-
Total Expenses	18,057,368	91,586,958	20,153,610	35,219,055	19,627,637	42,490,594	65,115,171	730,705	3,128,721	8,770,474	9,188,991	675,914	383,527	1,300,644	(28,921,062)	287,508,307
<b>INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED (GAIN) LOSS ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS, GAIN ON DISPOSAL OF ASSETS, AND LOSS ON RETIREMENT OF DEBT</b>	(398,004)	2,939,012	4,890,904	5,459,343	(784,341)	(2,657,853)	(1,544,633)	(11,293)	(455,360)	589,187	1,588,034	78,105	(117,353)	103,161	125,157	9,804,066

**ASBURY COMMUNITIES, INC.**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Abright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
<b>NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS</b>																
Income (Loss) from Operations Prior To Net Unrealized Gain (Loss) on Change in Market Value of Value of Derivative Instruments, Gain on Disposal of Assets, and Loss on Retirement of Debt	\$ (398,004)	\$ 2,939,012	\$ 4,890,904	\$ 5,459,343	\$ (784,341)	\$ (2,657,853)	\$ (1,544,633)	\$ (11,293)	\$ (455,360)	\$ 589,187	\$ 1,588,034	\$ 78,105	\$ (117,353)	\$ 103,161	\$ 125,157	\$ 9,804,066
Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instruments	-	206,535	35,753	(140,711)	(41,797)	27,392	483,048	-	-	-	-	(244,087)	-	-	-	326,133
Loss on Retirement of Debt	-	-	-	(721,756)	(214,392)	-	-	-	-	-	-	-	-	-	-	(936,148)
Gain on Disposal of Assets	-	481,670	-	-	-	-	-	-	-	-	-	-	-	-	-	481,670
<b>INCOME (LOSS) FROM OPERATIONS</b>	(398,004)	3,627,217	4,926,657	4,596,876	(1,040,530)	(2,630,461)	(1,061,585)	(11,293)	(455,360)	589,187	1,588,034	(165,982)	(117,353)	103,161	125,157	9,675,721
Transfers (to) from ACOMM, Net	(362,750)	(2,517,750)	-	(419,500)	-	1,300,000	2,000,000	-	-	-	-	-	-	-	-	-
Loss on Discontinued Operations	(2,921)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,921)
Net Assets Released from Restrictions Used for Purchases of Capital Items	-	1,003,086	16,400	28,382	-	-	7,927	-	-	-	-	-	-	-	-	1,056,795
Change in Value of Unrestricted Split-Interest Obligations	-	-	-	-	-	-	(15,939)	-	-	-	-	-	-	-	-	(15,939)
Net Unrealized Loss on Fixed Income Securities and Other Investments	(240,039)	(405,402)	(30,023)	(330,066)	(16,661)	(55,037)	(867,953)	-	-	(589,187)	-	-	-	-	-	(2,534,368)
Net (Increase) Decrease in Net Assets (Deficit) Without Donor Restrictions	(1,003,714)	1,707,151	4,913,034	3,875,692	(1,057,191)	(1,385,498)	62,450	(11,293)	(455,360)	-	1,588,034	(165,982)	(117,353)	103,161	125,157	8,178,288
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>																
Contributions	-	-	-	-	-	-	78,207	-	-	7,630,144	-	-	-	-	-	7,708,351
Net Assets Released from Restrictions for Operations	-	-	-	-	-	-	(23,949)	-	-	(875,913)	-	-	-	-	-	(899,862)
Net Assets Released from Restrictions Used for Purchases of Capital Items	-	(1,003,086)	(16,400)	(28,382)	-	-	(7,927)	-	-	(1,047,868)	-	-	-	-	1,047,868	(1,056,795)
Net Investment Income	-	-	-	-	-	-	640,529	-	-	28,874	-	-	-	-	-	669,403
Change in Value of Deferred-Giving Arrangements	-	-	-	(43,959)	-	-	(7,844)	-	-	633,802	-	-	-	-	-	581,999
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	-	3,554,816	394,802	2,657,222	95,399	83,167	661,179	-	191,404	-	-	-	-	-	-	(7,637,989)
Net Increase in Net Assets With Donor Restrictions	-	2,551,730	378,402	2,584,881	95,399	83,167	1,340,195	-	191,404	6,369,039	-	-	-	-	-	(6,590,121)
<b>CHANGES IN NET ASSETS (DEFICIT)</b>	(1,003,714)	4,258,881	5,291,436	6,460,573	(961,792)	(1,302,331)	1,402,645	(11,293)	(263,956)	6,369,039	1,588,034	(165,982)	(117,353)	103,161	(6,464,964)	15,182,384
Net Assets (Deficit) - Beginning of Year	(24,401,715)	(25,172,773)	(19,694,410)	(10,974,924)	(27,952,552)	5,654,305	26,663,033	(1,327,582)	(5,301,904)	24,485,497	(2,916,028)	-	(941,465)	1,959,958	(26,749,685)	(86,670,245)
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ (25,405,429)</u>	<u>\$ (20,913,892)</u>	<u>\$ (14,402,974)</u>	<u>\$ (4,514,351)</u>	<u>\$ (28,914,344)</u>	<u>\$ 4,351,974</u>	<u>\$ 28,065,678</u>	<u>\$ (1,338,875)</u>	<u>\$ (5,565,860)</u>	<u>\$ 30,854,536</u>	<u>\$ (1,327,994)</u>	<u>\$ (165,982)</u>	<u>\$ (1,058,818)</u>	<u>\$ 2,063,119</u>	<u>\$ (33,214,649)</u>	<u>\$ (71,487,861)</u>

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