

ASBURY, INC.
**FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION**
YEARS ENDED DECEMBER 31, 2021 AND 2020



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**ASBURY, INC.
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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Asbury, Inc.
Maryville, Tennessee

Qualified Opinion

We have audited the accompanying financial statements of Asbury, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating Forest Ridge Manor, Inc., as discussed in the *Basis for Qualified Opinion* section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Asbury, Inc. as of December 31, 2021 and 2020, and the results of its operations and changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the accompanying financial statements do not include the accounts of Forest Ridge Manor, Inc., a wholly owned affiliate of Asbury, Inc. In our opinion, accounting principles generally accepted in the United States of America require that all wholly owned affiliates under common control be accounted for within consolidated financial statements. If the financial statements of Forest Ridge Manor, Inc. had been consolidated with those of Asbury, Inc., total assets and total liabilities would be increased by \$2,396,453 and \$3,455,271 as of December 31, 2021, respectively, and revenues and expenses would be increased by \$266,174 and \$383,527 for the year then ended, respectively. Also, if the financial statements of Forest Ridge Manor, Inc. had been consolidated with those of Asbury, Inc., total assets and total liabilities would be increased by \$2,520,767 and \$3,462,233 as of December 31, 2020, respectively, and revenues and expenses would be increased by \$258,085 and \$204,501 for the year then ended, respectively.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

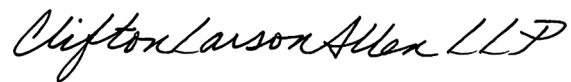
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

Board of Directors
Asbury, Inc.

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.

Qualified Opinion on Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information as listed under “Accompanying Information” on the table of contents is presented for purposes of additional analysis of the financial statements rather than to present the financial position, results of operations, and cash flows of the individual locations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of not consolidating Forest Ridge Manor, Inc. as explained in the *Basis for Qualified Opinion* section of our report, the accompanying information is fairly stated in all material respects in relation the financial statements as a whole.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 20, 2022

ASBURY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,869,159	\$ 895,834
Investments	12,927,629	13,959,597
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$647,650 and \$588,752, at December 31, 2021 and 2020, Respectively	1,734,116	1,856,232
Other Receivables and Prepaid Expenses	473,111	654,243
Investments Held under Bond Indenture	577,603	577,625
Total Current Assets	17,581,618	17,943,531
Due from ACOMM, Net	-	2,651,088
Property, Plant, and Equipment, Net	55,082,151	57,837,197
Right-Of-Use Assets - Operating Leases	408,179	260,318
Investments Restricted by Donors	53,391	53,391
Deposits and Other Assets	55,289	99,167
Other Intangible Assets	5,480,000	5,480,000
Investments Held under Bond Indenture	1,947,771	1,947,454
Beneficial Interest in Net Assets of Foundation	96,066	12,899
Total Assets	\$ 80,704,465	\$ 86,285,045

See accompanying Notes to Financial Statements.

ASBURY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 688,794	\$ 961,988
Accrued Compensation and Related Items	623,154	610,331
Accrued Interest Payable	606,418	632,539
Deposits from Prospective Residents	129,230	114,110
Entrance Fees - Refundable	756,497	1,365,871
Deferred Revenue	1,021,961	144,412
Current Portion of Long-Term Debt	1,454,029	4,683,681
Current Portion of Lease Liabilities - Operating Leases	119,900	86,575
Total Current Liabilities	5,399,983	8,599,507
Due to ACOMM, Net	952,985	-
Long-Term Lease Liabilities - Operating Leases	288,279	173,743
Long-Term Debt, Net	38,224,705	39,705,098
Contingent Refundable Entrance Fee Liability	26,082,319	27,803,233
Entrance Fees - Deferred Revenue	5,390,659	4,308,206
Valuation of Derivative Instrument	13,561	40,953
Total Liabilities	76,352,491	80,630,740
NET ASSETS		
Without Donor Restrictions	4,071,800	5,457,298
With Donor Restrictions	280,174	197,007
Total Net Assets	4,351,974	5,654,305
Total Liabilities and Net Assets	\$ 80,704,465	\$ 86,285,045

See accompanying Notes to Financial Statements.

ASBURY, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Net Resident Services Revenue	\$ 30,882,781	\$ 32,178,482
Other Operating Revenue	6,585,800	3,016,297
Amortization of Entrance Fees	782,280	933,512
Interest and Dividend Income, Net	338,387	488,366
Net Realized Gain (Loss) on Investments	1,214,702	(307,914)
Net Unrealized Gain (Loss) on Equity Security Investments	(46,289)	1,625,935
Net Assets Released from Restrictions	-	20,037
Allocations from Asbury Foundation, Inc.	75,080	49,671
Total Operating Revenues	39,832,741	38,004,386
OPERATING EXPENSES		
Salaries and Wages	15,440,247	15,368,952
Employee Benefits	3,586,933	2,685,686
Contract Labor	6,025,541	6,130,546
Food Purchases	1,611,667	1,723,410
Medical Supplies and Other Resident Costs	2,441,664	3,571,741
General and Administrative	1,074,322	1,027,220
Building and Maintenance	3,940,893	3,666,315
Professional Fees and Insurance	744,442	669,968
Interest	1,470,878	1,643,381
Taxes	1,615,418	1,498,259
Provision for Bad Debts	395,143	567,729
Depreciation and Amortization	4,130,733	4,035,959
Management and Other Fees	12,713	2,367
Total Operating Expenses	42,490,594	42,591,533
LOSS FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENT	(2,657,853)	(4,587,147)
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instrument	27,392	(44,584)
LOSS FROM OPERATIONS	(2,630,461)	(4,631,731)
Net Unrealized Loss on Fixed Income Securities and Other Investments	(55,037)	(47,208)
Transfers from ACOMM	1,300,000	3,930,000
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (1,385,498)	\$ (748,939)

See accompanying Notes to Financial Statements.

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

	2021	2020
NET ASSETS WITH DONOR RESTRICTIONS		
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	\$ 83,167	\$ 7,335
Net Assets Released from Restrictions for Operations	-	(20,037)
Change in Net Assets With Donor Restrictions	83,167	(12,702)
CHANGES IN NET ASSETS	(1,302,331)	(761,641)
Net Assets - Beginning of Year	5,654,305	6,415,946
NET ASSETS - END OF YEAR	\$ 4,351,974	\$ 5,654,305

See accompanying Notes to Financial Statements.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$ (1,302,331)	\$ (761,641)
Adjustments to Reconcile Decrease in Net Assets to		
Cash Provided (Used) by Operating Activities:		
Net Unrealized (Gains) Losses on Investments	101,326	(1,578,727)
Depreciation and Amortization	4,130,733	4,035,959
Amortization of Deferred Financing Costs	63,614	63,353
Amortization of Bond Premium	(89,979)	(89,979)
Provision for Bad Debts	395,143	567,729
Amortization of Entrance Fees	(782,280)	(933,512)
Change in Beneficial Interest in Net Assets of Foundation	(83,167)	(7,334)
Transfers from ACOMM	(1,300,000)	(3,930,000)
Forgiveness of Paycheck Protection Program Loan	(3,270,900)	-
Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instrument	(27,392)	44,584
Net Proceeds from Nonrefundable Entrance Fees and Advance Fees	1,033,460	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(273,027)	(351,238)
Other Receivables and Prepaid Expenses	181,132	(287,323)
Deposits and Other Assets	43,878	11,409
Accounts Payable and Accrued Expenses	(260,371)	(424,120)
Accrued Interest Payable	(26,121)	2,819
Other Liabilities	4,481,622	(3,563,299)
Net Cash Provided (Used) by Operating Activities	3,015,340	(7,201,320)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(1,375,687)	(1,131,935)
Sales of Investments, Net	930,642	1,857,779
Net Cash Provided (Used) by Investing Activities	(445,045)	725,844
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	2,283,336	3,198,635
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits	(3,767,231)	(2,030,106)
Payments of Long-Term Debt	(1,412,780)	(1,371,549)
Paycheck Protection Program Loan Proceeds	-	3,270,900
Transfers from ACOMM	1,300,000	3,930,000
Net Cash Provided (Used) by Financing Activities	(1,596,675)	6,997,880
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	973,620	522,404
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,420,913	2,898,509
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 4,394,533	\$ 3,420,913
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,523,364	\$ 1,667,188

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Asbury, Inc. (the Company) was organized to provide housing and continuing care services to seniors. At December 31, 2021 and 2020, the Company operates two continuing-care retirement communities (CCRC) in Tennessee (Maryville and Kingsport). A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, health care, and other related healthcare and lifestyle services to seniors. The Company also provides in-home services.

ACOMM serves as the supporting organization of Asbury Atlantic; Asbury, Inc. (Asbury Place) and Affiliate; Asbury Communities HCBS, Inc. (HCBS); and Albright Care Services and Subsidiary (Albright) (effective January 1, 2020). Asbury Atlantic has operating affiliates comprised of Asbury Methodist Village (AMV), Asbury Solomons, Inc. (AS), Bethany Village (BV), and Springhill (SH). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

The accompanying financial statements do not include the accounts of Forest Ridge Manor, Inc., a wholly owned affiliate of the Company. If the accounts of Forest Ridge Manor, Inc. had been consolidated with those of Asbury, Inc., total assets and total liabilities would be increased by \$2,396,453 and \$3,455,271 as of December 31, 2021, respectively, and revenues and expenses would be increased by \$266,174 and \$383,527 for the year then ended, respectively. Also, if the accounts of Forest Ridge Manor, Inc. had been consolidated with those of Asbury, Inc., total assets and total liabilities would be increased by \$2,520,767 and \$3,462,233 as of December 31, 2020, respectively, and revenues and expenses would be increased by \$258,085 and \$204,051 for the year then ended, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Restricted Cash (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows at December 31.

	2021	2020
Cash	\$ 1,869,159	\$ 895,834
Restricted Cash Included in Current Investments		
Held Under Bond Indenture	577,603	577,625
Restricted Cash Included in Long-Term Investments		
Held under Bond Indenture	1,947,771	1,947,454
Total Cash, Cash Equivalents, and Restricted		
Cash Shown in the Statements of Cash Flows	<u>\$ 4,394,533</u>	<u>\$ 3,420,913</u>

Accounts Receivable

The Company's policy is to write off all resident 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 44% and 45% of the Company's total net resident services revenues for the years ended December 31, 2021 and 2020, respectively.

Investments and Investment Income

Investments are comprised of equity securities or equity mutual funds, bonds or bond mutual funds and cash. The equity securities and the related unrealized gains or losses are recorded above loss from operations. The fixed income securities and other types of investments and their unrealized gains or losses are recorded below 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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

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.

The portion of investments that is available to fund current operating activities is included in current assets in the accompanying statements of financial position. 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 loss from operations. Investment income or loss is included in loss from operations unless restricted by donor or law. Unrealized gains and losses on fixed income securities and other investments with readily determinable market values are excluded from 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 statements of operations and changes in net assets.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Derivative Policy

The Company manages some of its exposure to interest rate volatility through use of an interest rate swap contract. This contract qualifies as a derivative financial instrument. The book value of the derivative instrument is adjusted to the estimated fair value at each balance sheet date. The Company has determined that, for continuing operations, the derivative does not meet the criteria for hedge accounting and, therefore, the change in fair value of derivative instrument is included within the Company's performance indicator, loss from operations.

Beneficial Interest in Net Assets of Foundation

The Company records an interest in the net assets of Asbury Foundation, Inc. resulting from contributions with and without donor restrictions that are solicited and held by Asbury Foundation, Inc. to be used primarily for the benefit of the Company.

Leases

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 20201 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 statements of operations and changes in net assets. Advertising expense was \$159,697 and \$146,304 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 effective August 1, 2016 between ACOMM and the Company for the skilled nursing beds Certificate of Need. 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.

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 and Life 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Continuing-Care and Life Care Contracts (Continued)

The Company periodically reviews the present value of the net cost of future services and use of facilities to be provided to current residents under continuing care contracts and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income. As a result of this calculation, the present value of the net cost of future services and use of facilities did not exceed deferred revenue from resident entrance fees; accordingly, no obligation was recorded for the years ended December 31, 2021 and 2020.

Resident Services Revenue

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

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the facility. The Company measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents. The Company does not believe it is required to provide additional goods or services related to that sale.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

Entrance fees are paid by the resident upon entering into a continuing care contract in return for future services and the use of facilities. The Company offers Type B, 50% and 80% refundable entrance fee plans for its cottages and apartments at its Maryville and Kingsport-Baysmont locations. Previously, a 90% refundable option was offered. Previously, the contract provided for 60 days of nursing home care without additional daily nursing home charges. This provision was removed from the contract in April 2019; however, the existing contracts will need to be honored until all terminated through attrition. Residents benefit from immediate access to assisted living and nursing home care. Entrance fees under this plan are refundable upon contract termination and re-occupancy of the unit. The fees are recorded as refundable entrance fees and are not amortized.

The Kingsport-Baysmont location also offers a standard entrance fee plan for its apartments for which the refundable portion decreases 2% per month over a 50-month period.

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

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

	<u>2021</u>	<u>2020</u>
Entrance Fees - Refundable	\$ 756,497	\$ 1,365,871
Contingent Refundable Entrance Fee Liability	26,082,319	27,803,233
Entrance Fees - Deferred Revenue:		
50% to 90% Refundable Contracts	3,628,181	3,306,210
Standard Entry Fee Option Contracts:		
50 Month Contracts	1,718,174	1,001,996
Nonrefundable Contracts	44,304	-
Total Entrance Fees - Deferred Revenue	<u>5,390,659</u>	<u>4,308,206</u>
Total Entrance Fees	<u>\$ 32,229,475</u>	<u>\$ 33,477,310</u>

The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service line, method of reimbursement, and timing of when revenue is recognized. Resident services revenue for the Company is provided at both campuses. The method of reimbursement is prospective payments and the timing of revenue recognition is health care services transferred over time.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The composition of resident services by primary payor for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Medicaid	\$ 6,760,316	\$ 6,849,827
Medicare	6,253,791	7,508,313
Managed Care	531,946	250,890
Private Pay	<u>17,336,728</u>	<u>17,569,452</u>
Total Resident Services Revenue	<u>\$ 30,882,781</u>	<u>\$ 32,178,482</u>

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

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

	<u>2021</u>			
	<u>Maryville</u>	<u>Kingsport</u>	<u>Asbury at Home</u>	<u>Asbury, Inc.</u>
Service Lines:				
Skilled Nursing Facility	\$ 12,575,105	\$ 6,006,515	\$ -	\$ 18,581,620
Assisted Living	4,948,027	1,667,623	-	6,615,650
Independent Living	1,959,169	3,163,980	-	5,123,149
Home Care	-	-	525,884	525,884
Retail Sales	11,643	24,835	-	36,478
Total	<u>\$ 19,493,944</u>	<u>\$ 10,862,953</u>	<u>\$ 525,884</u>	<u>\$ 30,882,781</u>
Method of Reimbursement:				
Fee for Services	\$ 19,482,301	\$ 10,838,118	\$ 525,884	\$ 30,846,303
Retail Sales	11,643	24,835	-	36,478
Total	<u>\$ 19,493,944</u>	<u>\$ 10,862,953</u>	<u>\$ 525,884</u>	<u>\$ 30,882,781</u>
Timing of Revenue and Recognition:				
Health Care Services				
Transferred Over Time	\$ 19,482,301	\$ 10,838,118	\$ 525,884	\$ 30,846,303
Sales at Point in Time	11,643	24,835	-	36,478
Total	<u>\$ 19,493,944</u>	<u>\$ 10,862,953</u>	<u>\$ 525,884</u>	<u>\$ 30,882,781</u>

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

	2020			
	Maryville	Kingsport	Asbury at Home	Asbury, Inc.
Service Lines:				
Skilled Nursing Facility	\$ 13,503,546	\$ 6,149,349	\$ -	\$ 19,652,895
Assisted Living	4,815,024	1,987,031	-	6,802,055
Independent Living	1,794,725	3,134,855	-	4,929,580
Home Care	-	-	689,477	689,477
Retail Sales	25,853	78,622	-	104,475
Total	<u>\$ 20,139,148</u>	<u>\$ 11,349,857</u>	<u>\$ 689,477</u>	<u>\$ 32,178,482</u>
Method of Reimbursement:				
Fee for Services	\$ 20,113,295	\$ 11,271,235	\$ 689,477	\$ 32,074,007
Retail Sales	25,853	78,622	-	104,475
Total	<u>\$ 20,139,148</u>	<u>\$ 11,349,857</u>	<u>\$ 689,477</u>	<u>\$ 32,178,482</u>
Timing of Revenue and Recognition:				
Health Care Services				
Transferred Over Time	\$ 20,113,295	\$ 11,271,235	\$ 689,477	\$ 32,074,007
Sales at Point in Time	25,853	78,622	-	104,475
Total	<u>\$ 20,139,148</u>	<u>\$ 11,349,857</u>	<u>\$ 689,477</u>	<u>\$ 32,178,482</u>

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.

Charity Care

The Company's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as 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 financial statements. Benevolent and charity care provided to residents for the years ended December 31, 2021 and 2020 was \$50,101 and \$65,166, respectively.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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		2020	
	Maryville	Kingsport	Maryville	Kingsport
Total Skilled Nursing Center Occupancy	73%	65%	78%	68%
Medicaid	65%	0%	63%	0%
Medicare	15%	50%	16%	51%
Private Pay and Other	20%	50%	21%	49%

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, 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.

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 for the years ended December 31, 2021 and 2020 was \$4,022,877 and \$2,831,901, 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 \$3,169,503 and \$2,831,901, respectively, as other operating revenue in the statements of operations and changes in net assets. At December 31, 2021 and 2020, the Company recognized \$853,374 and \$-0-, respectively, as deferred revenue in the statements of financial position. The Company believes the amounts have been recognized appropriately as of December 31, 2021 and 2020.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by donors. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires in a subsequent fiscal year, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted. Interest earned on the investment of restricted contributions is reported as unrestricted support.

Gifts of property and equipment are reported as unrestricted support and are excluded from the operating indicator, unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Company reports expirations of donor restrictions when the donated long-lived assets are placed in service.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received.

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.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss from Operations

The statements of operations and changes in net assets include an operating indicator identified as the loss from operations. Changes in net assets without donor restrictions, which are excluded from the operating indicator consistent with industry practice, include unrealized gains and losses on fixed income securities and other investments, and transfers from ACOMM.

Tax Status

The Company's members are each exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes is required as there are no unrelated trades or businesses.

The Company has implemented processes to ensure compliance with the Internal Revenue Service's 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

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

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. The Company did not have any assets or liabilities that are valued using Level 3 inputs.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Company has not elected to measure any existing financial instruments at fair value. The Company may elect to measure newly acquired financial instruments at fair value in the future.

Subsequent Events

The Company has evaluated subsequent events through April 20, 2022, the date the financial statements were available for issuance.

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2021 and 2020, the Company has working capital of \$12,181,635 and \$9,344,024, 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	\$ 1,869,159	\$ 895,834
Investments	12,927,629	13,959,597
Accounts Receivable, Net	1,734,116	1,856,232
Other Receivables	473,111	654,243
Investments Held under Bond Indenture	<u>577,603</u>	<u>577,625</u>
Total Financial Assets	<u>\$ 17,581,618</u>	<u>\$ 17,943,531</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 donor-restricted purposes 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.

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

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.

Medicare Reimbursement

The Balanced Budget Act of 1997 modified how payment is made for Medicare SNF services. SNFs 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 SNF covered 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.

Medicaid Reimbursement

Under the Tennessee Medicaid reimbursement system, 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 1 of the year following the cost report calendar year. Cost reports are subject to desk review or audit prior to setting of the rates.

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

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

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 settlement 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.

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 patient and third-party payors is as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Private Pay	39 %	34 %
Medicaid	25	19
Medicare	28	37
Other (Primarily Managed Care and Insurance)	8	10
Total	<u>100 %</u>	<u>100 %</u>

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

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	\$ 174,765	\$ 214,181
Fixed-Income Securities and Mutual Funds	3,983,128	4,282,202
Equity Securities and Mutual Funds	8,769,736	9,463,214
Total Investments	<u>\$ 12,927,629</u>	<u>\$ 13,959,597</u>
Investments Restricted by Donors:		
Cash and Short-Term Investments	<u>\$ 53,391</u>	<u>\$ 53,391</u>
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	<u>\$ 2,525,374</u>	<u>\$ 2,525,079</u>

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	\$ 577,631	\$ 577,640
Debt Service Reserve Fund	1,947,743	1,947,439
Total	2,525,374	2,525,079
Less: Current Portion	(577,603)	(577,625)
Long-Term Portion of Bond Indenture	<u>\$ 1,947,771</u>	<u>\$ 1,947,454</u>

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

	<u>2021</u>	<u>2020</u>
Included within the Organization's Performance Indicator:		
Interest and Dividends, Net	\$ 338,387	\$ 488,366
Net Realized Gain (Loss) on Investments	1,214,702	(307,914)
Net Unrealized Gain (Loss) on Equity		
Security Investments	(46,289)	1,625,935
Net Unrealized Gain (Loss) on Change in Market		
Value of Derivative Instrument	27,392	(44,584)
Total	1,534,192	1,761,803
Included in Other Changes in Net Assets:		
Net Unrealized Loss on Fixed Income Securities		
Other Investments	(55,037)	(47,208)
Total	<u>\$ 1,479,155</u>	<u>\$ 1,714,595</u>

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

NOTE 6 INVESTMENTS (CONTINUED)

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

The Company engages professionals to manage its investment portfolio within guidelines of ACOMM'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.

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF FOUNDATION

AFOUND was established to solicit, receive, hold, invest, and reinvest donations and bequests, which are made primarily for the benefit of the Company, AMV, AS, BV, SH, Albright, and HCBS. The Company records an interest in the net assets of AFOUND resulting from contributions without and with donor restrictions that are solicited and held by the foundations to be used for the benefit of the Company. The Company's beneficial interest in the net assets of AFOUND was \$96,066 and \$12,899 as of December 31, 2021 and 2020, respectively.

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

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF FOUNDATION (CONTINUED)

The balance sheets of AFOUND consisted of the following as of December 31:

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 79,364	\$ 397,616
Investments	-	3,124
Pledges Receivable, Net	650,359	506,249
Prepaid Expenses and Other Assets	38,485	40,639
Total Current Assets	768,208	947,628
Property and Equipment, Net	5,329	9,375
Investments Restricted by Donor	43,076,657	32,636,232
Pledge Receivable, Net	7,158,088	3,906,043
Funds Held in Trust	1,939,854	1,897,957
Total Assets	\$ 52,948,136	\$ 39,397,235
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 8,700	\$ 6,831
Due to ACOMM, Net	18,653,269	11,179,772
Obligations under Charitable Gift Annuities	3,431,631	3,725,135
Total Liabilities	22,093,600	14,911,738
NET ASSETS		
With Donor Restrictions	30,854,536	24,485,497
Total Net Assets	30,854,536	24,485,497
Total Liabilities and Net Assets	\$ 52,948,136	\$ 39,397,235

AFOUND's investments, which are recorded at fair value, consist principally of cash, bonds or bond mutual funds, and equity securities or equity mutual funds. Assets held under charitable gift annuities consist of funds contributed to AFOUND, or trusts managed by AFOUND, with the stipulation that specified distributions, primarily based on the income generated by the invested funds, be distributed to a life beneficiary specified by the donor.

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

NOTE 8 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	\$ 3,425,120	\$ 3,432,178
Buildings and Improvements	10 to 40 Years	81,745,819	81,158,116
Furniture and Equipment	2 to 15 Years	<u>13,848,347</u>	<u>13,991,565</u>
Total		99,019,286	98,581,859
Less: Accumulated Depreciation		<u>(43,937,135)</u>	<u>(40,744,662)</u>
Property and Equipment, Net		<u>\$ 55,082,151</u>	<u>\$ 57,837,197</u>

Depreciation expense on property and equipment was approximately \$4,088,746 and \$3,993,972 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

Due to ACOMM

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

- **Deferred Management Fees** – From time to time, management fees may be deferred by ACOMM to its affiliates in order to meet bond covenant requirements. These fees can be recouped by ACOMM in subsequent periods when financial performance warrants reducing or eliminating the deferral. The cumulative effect of these deferrals will be included in the affiliate’s intercompany account. For the years ended December 31, 2021 and 2020, respectively, there were \$3,336,788 and \$3,285,076, management fees deferred in order to maintain bond covenant compliance.

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

- **Cash Management** – Entities supported by ACOMM share a common cash management function. Operating cash of the group is swept as needed to reimburse ACOMM for actual expenses incurred for the Company. Cash balances are principally uninsured and subject to normal credit risk.

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

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

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

Service Fees

The Company received administrative services from ACOMM under a service agreement at a cost of \$-0- in both 2021 and 2020. Included in the administrative services is an information technology fee. Service fees are allocated to all affiliates based upon a pro rata share of revenues. The payment of service fees to ACOMM is subordinate to all obligations of the Company under all of the Company's secured loan agreements.

NOTE 10 DEBT

Long-term debt is summarized as follows:

	<u>Interest Rate</u>	<u>Dates</u>	<u>2021</u>	<u>2020</u>
Series 2016A Bonds	Fixed Rate Revenue Bonds	2024 - 2047	\$ 23,170,000	\$ 23,170,000
Series 2016B Bonds	Variable Rate Revenue Bonds	2018 - 2046	13,924,512	14,393,373
Series 2016C Bonds	Variable Rate Revenue Bonds	2017 - 2023	2,071,711	3,015,630
Subtotal			<u>39,166,223</u>	<u>40,579,003</u>
Less: Unamortized Deferred Financing Costs			(984,564)	(1,048,178)
Less: Unamortized Bond Premium			1,497,075	1,587,054
Less: Current Portion			<u>(1,454,029)</u>	<u>(4,683,681)</u>
Total Bonds Payable			38,224,705	36,434,198
PPP Loan			<u>-</u>	<u>3,270,900</u>
Total Long-Term Debt			<u>\$ 38,224,705</u>	<u>\$ 39,705,098</u>

Series 2016 Bonds

On October 1, 2016, the Company issued its \$23,170,000 Revenue Refunding and Improvement Bonds (Series 2016A) through The Health and Educational Facilities Board of Blount County, Tennessee. The purpose of the financing is primarily to provide funds, together with other available funds, to refund the outstanding Series 2010 Bonds, to pay a portion of the costs of improving and renovating the Company's facilities at its 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 Bonds. Interest on the Series 2016A 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 Bonds, the Company also issued its \$18,000,000 Revenue Improvement Bonds (Series 2016B) through The Health and Educational Facilities Board of Blount County, Tennessee. The primary purpose of the Series 2016B financing is to provide additional funds to pay the costs of improving and renovating the Company's facilities at its Maryville and Kingsport locations and to pay certain expenses incurred in connection with the issuance of the Series 2016B Bonds.

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

NOTE 10 DEBT (CONTINUED)

Series 2016 Bonds (Continued)

Simultaneously with the issuance of the Series 2016A Bonds and Series 2016B Bonds, the Company also issued its \$6,236,858 Revenue Refunding Bonds (Series 2016C) through The Health and Educational Facilities Board of Blount County, Tennessee. The primary purpose of the Series 2016C financing was to refund the outstanding Series 2007A Bonds and to pay certain expenses incurred in connection with the issuance of the Series 2016C Bonds when they became callable on April 3, 2017.

Both the Series 2016B and Series 2016C 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 improvement to the Company's facilities.

Paycheck Protection Program

On April 21, 2020 the Company received proceeds in the amount of \$3,270,900 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. 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. The covered period is the time that a business has to spend their PPP Loan funds. During the year ended December 31, 2021, the PPP loan was forgiven in full and the Company recognized \$3,270,900 as other operating revenue in the statements of operations and changes in net assets.

Deferred Financing Costs

Deferred financing costs represent expenses incurred in connection with the issuance of debt and are deferred and amortized over the life of the related indebtedness using the straight-line method which approximates the effective interest method. The amortization expense on deferred financing costs is included in interest expense and totaled \$63,614 and \$63,353 for the years ended December 31, 2021 and 2020, respectively.

Bond Premium

Bond premiums are comprised of the difference between the price at which a bond was sold and its fair value. Bond premiums are amortized on a straight-line basis into interest expense over the life of the bonds. The amortization expense on bond premiums included a reduction in interest expense of \$89,979 for both years ended December 31, 2021 and 2020.

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

NOTE 10 DEBT (CONTINUED)

Liens and Covenants

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

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 the Company. The terms of the indenture restrict the Company's ability to create additional indebtedness and require stipulated insurance coverage.

Additionally, the members of the Company 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 Company.

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.

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>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,454,029
2023	1,591,975
2024	759,973
2025	1,068,831
2026	1,107,222
Thereafter	<u>33,184,193</u>
Total	<u>\$ 39,166,223</u>

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

NOTE 11 DERIVATIVE INSTRUMENTS

The Company entered into a forward-rate purchase agreement with an investment company, in conjunction with the issuance of the Series 2016B and C Bonds, which reduces their exposure to volatility of interest rates on debt. Under this agreement, beginning on the effective date of April 3, 2017, the Company pays a fixed rate of interest of 0.998% per annum, as noted in the table below, while the investment company pays the Company based on a floating rate of 67% 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 statements of operations and changes in net assets. The notional amount declines over time to hedge the interest rate exposure for the Company. The agreement is with an investment company that has investment grade credit ratings from Standard & Poor's and Moody's. The agreement has 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. Payments on this forward contract agreement began April 3, 2017 and terminate April 1, 2023.

The following schedule outlines the terms and fair market value of the derivative instrument on December 31:

	Series 2016 Forward Contract
Notional Amount - December 31, 2021	\$ 2,071,711
Trade Date	10/6/2016
Effective Date	4/3/2017
Termination or Cancellation Date	4/1/2023
Fixed Rate	0.998%
Fair Value at December 31, 2019	\$ 3,631
Unrealized Loss	(44,584)
Fair Value at December 31, 2020	(40,953)
Unrealized Gain	27,392
Fair Value at December 31, 2021	<u>\$ (13,561)</u>

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$280,174 and \$197,007 for the years ended December 31, 2021 and 2020, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$132,111 and \$55,696 for the years ended 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.

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

NOTE 13 RETIREMENT PLAN

ACOMM 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. ACOMM will also match the employee's contribution up to 2% of the employee's base salary. During the years ended December 31, 2021 and 2020, retirement plan expense totaled \$390,255 and \$409,001, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

General and Professional Liability Insurance

ACOMM and its affiliates have a general and professional liability insurance policy (GL/PL), which is claims-made based. The GL/PL coverage has a limit of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. ACOMM and its affiliates also have 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. Any losses for general and professional liability not currently covered by insurance in force are not expected to be material to the financial statements.

Caring Communities, a Reciprocal Risk Retention Group

ACOMM and its affiliates participate 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.

ACOMM executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2021, ACOMM'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

ACOMM and its affiliates have a self-funding arrangement for health insurance coverage. ACOMM and affiliates have 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.

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

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Actions and Claims

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

Lease Commitments

The Company leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

Total lease costs for the years ended December 31, 2021 and 2020 was \$211,898 and \$158,984, 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	\$ 126,956
2023	114,146
2024	107,481
2025	60,211
2026	<u>14,828</u>
Total	423,622
Less: Interest Expense	<u>(15,443)</u>
Amounts Recognized in the Statements of Financial Position	<u><u>\$ 408,179</u></u>

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

NOTE 15 FUNCTIONAL EXPENSES

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

	2021		Total
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	
Salaries and Wages	\$ 15,440,247	\$ -	\$ 15,440,247
Employee Benefits	3,586,933	-	3,586,933
Contract Labor	6,025,541	-	6,025,541
Food Purchases	1,611,667	-	1,611,667
Medical Supplies and Other			
Resident Costs	2,441,664	-	2,441,664
General and Administrative	-	1,074,322	1,074,322
Building and Maintenance	3,940,893	-	3,940,893
Professional Fees and Insurance	744,442	-	744,442
Interest	1,470,878	-	1,470,878
Taxes	1,615,418	-	1,615,418
Provision for (Recovery of) Bad Debts	395,143	-	395,143
Depreciation and Amortization	4,130,733	-	4,130,733
Management and Other Fees	-	12,713	12,713
Total Functional Expenses	<u>\$ 41,403,559</u>	<u>\$ 1,087,035</u>	<u>\$ 42,490,594</u>
	2020		Total
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	
Salaries and Wages	\$ 15,368,952	\$ -	\$ 15,368,952
Employee Benefits	2,685,686	-	2,685,686
Contract Labor	6,130,546	-	6,130,546
Food Purchases	1,723,410	-	1,723,410
Medical Supplies and Other			
Resident Costs	3,571,741	-	3,571,741
General and Administrative	-	1,027,220	1,027,220
Building and Maintenance	3,666,315	-	3,666,315
Professional Fees and Insurance	669,968	-	669,968
Interest	1,643,381	-	1,643,381
Taxes	1,498,259	-	1,498,259
Provision for Bad Debts	567,729	-	567,729
Depreciation and Amortization	4,035,959	-	4,035,959
Management and Other Fees	-	2,367	2,367
Total Functional Expenses	<u>\$ 41,561,946</u>	<u>\$ 1,029,587</u>	<u>\$ 42,591,533</u>

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

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

NOTE 16 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 tables set 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
Assets				
Cash and Short-Term Investments	\$ 2,753,530	\$ -	\$ -	\$ 2,753,530
Fixed-Income Securities and Mutual Funds	3,983,128	-	-	3,983,128
Equity Securities and Mutual Funds	8,769,736	-	-	8,769,736
Total	<u>\$ 15,506,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,506,394</u>
Liabilities				
Derivative Instrument	<u>\$ -</u>	<u>\$ 13,561</u>	<u>\$ -</u>	<u>\$ 13,561</u>
Recurring Fair Value Measures	At Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and Short-Term Investments	\$ 2,792,651	\$ -	\$ -	\$ 2,792,651
Fixed-Income Securities and Mutual Funds	4,282,202	-	-	4,282,202
Equity Securities and Mutual Funds	9,463,214	-	-	9,463,214
Total	<u>\$ 16,538,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,538,067</u>
Liabilities				
Derivative Instrument	<u>\$ -</u>	<u>\$ 40,953</u>	<u>\$ -</u>	<u>\$ 40,953</u>

ASBURY, INC.
STATEMENT OF FINANCIAL POSITION BY LOCATION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Locations			Combining Entries	Asbury, Inc.
	Maryville	Kingsport	Asbury at Home		
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 7,252,421	\$ -	\$ -	\$ (5,383,262)	\$ 1,869,159
Investments	9,770,094	3,157,535	-	-	12,927,629
Accounts Receivable, Net	1,120,285	568,666	45,165	-	1,734,116
Other Receivables and Prepaid Expenses	207,722	263,118	2,271	-	473,111
Investments Held under Bond Indenture	512,935	64,668	-	-	577,603
Total Current Assets	18,863,457	4,053,987	47,436	(5,383,262)	17,581,618
Due from ACOMM, Net	-	7,219,280	540,978	(7,760,258)	-
Property, Plant, and Equipment, Net	35,797,459	19,284,692	-	-	55,082,151
Right-Of-Use Assets - Operating Leases	211,019	197,160	-	-	408,179
Investments Restricted by Donors	34,192	19,199	-	-	53,391
Deposits and Other Assets	55,289	-	-	-	55,289
Other Intangible Assets	3,430,000	2,050,000	-	-	5,480,000
Investments Held under Bond Indenture	1,729,697	218,074	-	-	1,947,771
Beneficial Interest in Net Assets of Foundation	58,330	37,736	-	-	96,066
Total Assets	\$ 60,179,443	\$ 33,080,128	\$ 588,414	\$ (13,143,520)	\$ 80,704,465

ASBURY, INC.
STATEMENT OF FINANCIAL POSITION BY LOCATION (CONTINUED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	Locations			Combining Entries	Asbury, Inc.
	Maryville	Kingsport	Asbury at Home		
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 404,025	\$ 284,618	\$ 151	\$ -	\$ 688,794
Accrued Compensation and Related Items	416,086	195,735	11,333	-	623,154
Accrued Interest Payable	531,079	75,339	-	-	606,418
Deposits from Prospective Residents	82,750	46,480	-	-	129,230
Entrance Fees Refundable	219,624	536,873	-	-	756,497
Deferred Revenue	695,157	325,218	1,586	-	1,021,961
Current Portion of Long-Term Debt	915,727	538,302	-	-	1,454,029
Current Portion of Lease Liabilities - Operating Leases	63,588	56,312	-	-	119,900
Total Current Liabilities	3,328,036	2,058,877	13,070	-	5,399,983
Due to Affiliates, Net	8,713,243	5,383,262	-	(13,143,520)	952,985
Long-Term Lease Liabilities - Operating Leases	147,431	140,848	-	-	288,279
Long-Term Debt, Net	30,559,198	7,665,507	-	-	38,224,705
Contingent Refundable Entrance Fee Liability	19,156,860	6,925,459	-	-	26,082,319
Entrance Fees - Deferred Revenue	3,171,400	2,219,259	-	-	5,390,659
Valuation of Derivative Instrument	8,394	5,167	-	-	13,561
Total Liabilities	65,084,562	24,398,379	13,070	(13,143,520)	76,352,491
NET ASSETS					
Without Donor Restrictions	(5,045,813)	8,542,269	575,344	-	4,071,800
With Donor Restrictions	140,694	139,480	-	-	280,174
Total Net Assets	(4,905,119)	8,681,749	575,344	-	4,351,974
Total Liabilities and Net Assets	\$ 60,179,443	\$ 33,080,128	\$ 588,414	\$ (13,143,520)	\$ 80,704,465

ASBURY, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS BY LOCATION
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Locations			Asbury, Inc.
	Maryville	Kingsport	Asbury at Home	
OPERATING REVENUES				
Net Resident Services Revenue	\$ 19,493,944	\$ 10,862,953	\$ 525,884	\$ 30,882,781
Other Operating Revenue	4,974,228	1,498,195	113,377	6,585,800
Amortization of Entrance Fees	352,412	429,868	-	782,280
Interest and Dividend Income, Net	216,276	121,627	484	338,387
Net Realized Gain on Investments	777,409	437,293	-	1,214,702
Net Unrealized Loss on Equity Security Investments	(29,625)	(16,664)	-	(46,289)
Net Assets Released from Restrictions	-	-	-	-
Allocations from Asbury Foundation, Inc.	35,211	39,869	-	75,080
Total Operating Revenues	<u>25,819,855</u>	<u>13,373,141</u>	<u>639,745</u>	<u>39,832,741</u>
OPERATING EXPENSES				
Salaries and Wages	10,026,899	4,924,056	489,292	15,440,247
Employee Benefits	2,138,423	1,381,323	67,187	3,586,933
Contract Labor	4,441,578	1,583,963	-	6,025,541
Food Purchases	946,140	665,527	-	1,611,667
Medical Supplies and Other Resident Costs	1,610,197	831,168	299	2,441,664
General and Administrative	537,409	522,893	14,020	1,074,322
Building and Maintenance	2,346,285	1,584,558	10,050	3,940,893
Professional Fees and Insurance	510,996	231,732	1,714	744,442
Interest	1,215,763	255,107	8	1,470,878
Taxes	1,091,417	524,001	-	1,615,418
Provision for (Recovery of) Bad Debts	267,388	128,283	(528)	395,143
Depreciation and Amortization	2,597,759	1,532,974	-	4,130,733
Management and Other Fees	7,598	5,115	-	12,713
Total Operating Expenses	<u>27,737,852</u>	<u>14,170,700</u>	<u>582,042</u>	<u>42,490,594</u>
GAIN (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENT	(1,917,997)	(797,559)	57,703	(2,657,853)
Net Unrealized Gain on Change in Market Value of Derivative Instrument	16,956	10,436	-	27,392
GAIN (LOSS) FROM OPERATIONS	(1,901,041)	(787,123)	57,703	(2,630,461)
Net Unrealized Losses on Fixed Income Securities and Other Investments	(35,224)	(19,813)	-	(55,037)
Transfers from ACOMM	858,000	442,000	-	1,300,000
NET INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ (1,078,265)</u>	<u>\$ (364,936)</u>	<u>\$ 57,703</u>	<u>\$ (1,385,498)</u>

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