ASBURY ATLANTIC, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Audit Committee
Asbury Atlantic, Inc.
Frederick, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asbury Atlantic, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asbury Atlantic, Inc. as of December 31, 2022 and 2021, and the results of its operations and its 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 Financial Statements section of our report. We are required to be independent of Asbury Atlantic, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Asbury Atlantic, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asbury Atlantic, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Audit Committee
Asbury Atlantic, Inc.

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 20, 2023

ASBURY ATLANTIC, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,090,313	$ 1,606,086
Investments	36,148,530	30,194,737
Accounts Receivable	5,134,419	4,825,118
Other Receivables and Prepaid Expenses	7,771,162	7,885,550
Investments Held under Bond Indenture	9,466,694	5,254,665
Total Current Assets	63,611,118	49,766,156
Due from ACOMM, Net	76,455,376	85,237,595
Property and Equipment, Net	265,173,003	271,985,848
Right-Of-Use Assets - Operating Leases	1,710,867	1,829,643
Right-Of-Use Assets - Finance Leases	208,591	-
Investments Restricted by Donors	13,238,810	15,334,771
Deposits and Other Assets	493,530	599,222
Investments Held under Bond Indenture	39,244,384	16,215,510
Statutory Reserves	26,972,089	25,044,541
Investments Restricted by Board	4,566,113	5,205,459
Beneficial Interest in Net Assets of Foundation	33,001,348	29,876,855
Valuation of Derivative Instruments	2,527,626	-
Total Assets	$ 527,202,855	$ 501,095,600

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 3,603,800	$ 1,923,865
Accrued Compensation and Related Items	29,596	47,494
Accrued Interest Payable	5,442,011	4,118,081
Obligations under Charitable Gift Annuities	77,052	81,831
Deposits from Prospective Residents	3,990,871	3,952,780
Entrance Fees - Refundable	7,971,187	8,485,318
Deferred Revenue	657,699	2,185,087
Current Portion of Lease Liabilities - Operating Leases	529,879	505,044
Current Portion of Lease Liabilities - Finance Leases	87,689	-
Current Portion of Long-Term Debt	9,736,257	7,049,000
Total Current Liabilities	32,126,041	28,348,500
Long-Term Lease Liabilities - Operating Leases	1,180,988	1,324,599
Long-Term Lease Liabilities - Finance Leases	89,459	-
Long-Term Debt, Less Current Portion	238,442,776	208,744,418
Contingent Refundable Entrance Fee Liability	153,326,114	163,719,489
Entrance Fees - Deferred Revenue	177,342,867	167,209,534
Obligations under Charitable Gift Annuities	145,575	193,380
Valuation of Derivative Instruments	-	301,241
Other Deferred Revenue	1,500,000	-
Total Liabilities	604,153,820	569,841,161
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(117,359,189)	(106,046,258)
With Donor Restrictions	40,408,224	37,300,697
Total Net Deficit	(76,950,965)	(68,745,561)
Total Liabilities and Net Deficit	$ 527,202,855	$ 501,095,600

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUES, GAINS, AND OTHER SUPPORT		
Resident Services Revenue	$ 137,503,941	$ 132,595,016
Other Operating Revenue	7,111,735	4,052,497
Amortization of Entrance Fees	26,658,335	25,522,551
Interest and Dividend Income, Net	2,351,531	1,726,328
Net Realized Gain (Loss) on Investments	(2,713,521)	8,257,051
Net Unrealized Loss on Equity Security Investments	(12,911,008)	(433,732)
Allocations from Asbury Foundation, Inc.	-	7,372,467
Total Revenues, Gains, and Other Support	158,001,013	179,092,178
EXPENSES		
Salaries	57,316,525	54,696,312
Employee Benefits	11,461,382	13,429,595
Contract Labor	11,197,295	8,737,508
Food Purchases	6,055,991	5,450,465
Medical Supplies and Other Resident Costs	5,919,546	7,473,147
General and Administrative	3,133,185	3,122,865
Building and Maintenance	17,001,930	16,232,762
Professional Fees and Insurance	1,818,156	1,617,325
Interest	9,613,616	9,236,668
Taxes	4,151,965	4,166,737
Provision for Bad Debts	91,600	684,056
Depreciation and Amortization	27,999,121	27,953,363
Management and Other Fees	14,777,181	13,786,457
Allocations to Asbury Foundation, Inc.	2,319,333	-
Total Expenses	172,856,826	166,587,260
INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS, LOSS ON RETIREMENT OF DEBT, AND GAIN ON DISPOSAL OF ASSETS	(14,855,813)	12,504,918
Net Unrealized Gain on Change in Market Value of Derivative Instruments	2,828,867	59,780
Loss on Retirement of Debt	-	(936,148)
Gain on Disposal of Assets	634,151	481,670
INCOME (LOSS) FROM OPERATIONS	(11,392,795)	12,110,220

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
NET DEFICIT WITHOUT DONOR RESTRICTIONS		
Income (Loss) from Operations	$ (11,392,795)	$ 12,110,220
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	176,053	(782,152)
Net Assets Released from Restrictions Used for Purchase of Capital Items	299,061	1,047,868
Transfers to ACOMM	(395,250)	(2,937,250)
Net (Increase) Decrease in Net Deficit Without Donor Restrictions	(11,312,931)	9,438,686
NET ASSETS WITH DONOR RESTRICTIONS		
Net Assets Released from Restriction Used for Purchase of Capital Items	(299,061)	(1,047,868)
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	3,423,554	6,702,239
Changes in Value of Obligations under Charitable Gift Annuities	(16,966)	(43,959)
Net Increase in Net Assets With Donor Restrictions	3,107,527	5,610,412
CHANGES IN NET DEFICIT	(8,205,404)	15,049,098
Net Deficit - Beginning of Year	(68,745,561)	(83,794,659)
NET DEFICIT - END OF YEAR	$ (76,950,965)	$ (68,745,561)

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Deficit	$ (8,205,404)	$ 15,049,098
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities		
Provision for Bad Debts	91,600	684,056
Depreciation and Amortization	27,999,121	27,953,363
Amortization of Deferred Financing Costs	261,178	221,210
Amortization of Bond Premium/Discount	(820,217)	(862,554)
Amortization of ROU Asset - Finance Leases	56,314	-
Amortization of Entrance Fees	(26,658,335)	(25,522,551)
Net Proceeds from Nonrefundable Entrance and Advance Fees	38,179,953	28,928,298
Net Unrealized Losses on Investments	12,734,955	1,215,884
Gain on Disposal of Assets	(634,151)	(481,670)
Loss on Retirement of Debt	-	936,148
Net Unrealized Gains on Change in Market Value of Derivative Instruments	(2,828,867)	(59,780)
Changes in Beneficial Interest in Net Assets of Foundation	(3,124,493)	(5,654,370)
Changes in Value of Obligations Under Charitable Gift Annuities	16,966	43,959
Transfers to ACOMM	395,250	2,937,250
Changes in Assets and Liabilities:		
Accounts Receivable	(400,901)	(850,915)
Other Receivables and Prepaid Expenses	(120,690)	115,923
Deferred Entrance Fees	235,077	(1,082,985)
Other Assets	105,692	129,831
Deferred Revenue	(27,388)	1,595,184
Accounts Payable and Accrued Expenses	1,662,037	(704,640)
Accrued Interest Payable	1,323,930	(871,558)
Net Cash Provided by Operating Activities	40,241,627	43,719,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment, Net	(20,552,125)	(16,825,379)
Sales (Purchases) of Investments, Net	(15,953,441)	8,055,129
Net Cash Used by Investing Activities	(36,505,566)	(8,770,250)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	9,287,423	17,943,190
Proceeds from Issuance of Debt	43,099,957	47,615,000
Premiums (Discounts) from Issuance of Debt	(2,029,901)	1,085,468
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits	(21,545,122)	(20,823,797)
Payments on Debt	(7,046,289)	(9,675,667)
Redemption of Debt	-	(46,765,002)
Payments for Deferred Financing Costs	(1,079,113)	(828,085)
Payments on Finance Leases	(87,757)	-
Payments on Obligations under Charitable Gift Annuities	(69,550)	(69,997)
Change in Due to ACOMM, Net	8,782,219	(19,679,652)
Transfers to ACOMM	(395,250)	(2,937,250)
Net Cash Provided (Used) by Financing Activities	28,916,617	(34,135,792)
INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	32,652,678	813,139
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	48,120,802	47,307,663
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 80,773,480	$ 48,120,802
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 8,848,725	$ 9,081,339
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
ROU Asset Received in Exchange for Finance Leases	$ 264,904	$ -
ROU Asset Received in Exchange for Operating Leases	$ 417,998	$ 1,284,565

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

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

AMV and AS are continuing-care retirement communities (CCRC) located in Gaithersburg, Maryland and Calvert County, Maryland, respectively. BV and SH are CCRCs located in Mechanicsburg, Pennsylvania and Erie, Pennsylvania, respectively. A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, health care, and other related healthcare and lifestyle services to seniors. Cash transferred from Asbury Atlantic to ACOMM during 2022 and 2021 was not required at Asbury Atlantic to fund daily operations, meet debt covenants, or fulfill regulatory requirements.

BV previously provided administrative and accounting services to Bethany Development Corp. (BDC). Effective January 1, 2021, BDC engaged a management company, National Church Residences (NCR), to provide the accounting and finance duties that were being performed by ACOMM. This change was approved by HUD. BDC is a 149-unit affordable housing (HUD) community in Mechanicsburg, Pennsylvania. BV has no economic interest in the property. Accordingly, BV does not combine the financial statements of BDC into BV's financial statements. On August 1, 2016, ACOMM entered into an affiliation agreement with BDC. ACOMM serves as the supporting organization of BDC.

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). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

	2022	2021
Cash	$ 5,090,313	$ 1,606,086
Restricted Cash Included in Current Investments Held under Bond Indenture	9,466,694	5,254,665
Restricted Cash Included in Long-Term Investments Held under Bond Indenture	39,244,384	16,215,510
Restricted Cash Included in Statutory Reserves	26,972,089	25,044,541
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	$ 80,773,480	$ 48,120,802

Accounts Receivable

Asbury Atlantic'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 22% and 24% of total resident service revenues for the years ended December 31, 2022 and 2021, respectively.

Investments and Investment Income

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

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

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

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

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

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 losses and Asbury Atlantic's proportionate share is included in investment income in the accompanying statements of operations and changes in net deficit.

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 ACOMM 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 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.

Beneficial Interest in Net Assets of Foundation

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

Leases

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at fair market value at the date of the gift. Improvements that materially extend the useful lives of the assets are capitalized. General repairs and maintenance costs are expensed as incurred. The Company capitalizes all expenditures for property and equipment costing $1,000 or more and having useful lives greater than two years.

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

The Company reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during 2022 or 2021.

Advertising Expenses

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the statements of operations and changes in net deficit. Advertising expense was $676,682 and $913,710 for the years ended December 31, 2022 and 2021, respectively.

Deposits from Prospective Residents

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Continuing-Care Contracts

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

Asbury Atlantic 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, 2022 and 2021.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

Asbury Atlantic offers five types of resident entrance fee options: a standard declining refund option, a 50% refundable option, an 80% refundable option, a 90% refundable option, and a nonrefundable option. Previously, Asbury Atlantic offered 25% refundable and 100% refundable options and an additional nine-year nonrefundable option. 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, 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. After that period, the refund is fully amortized and there is no refundable portion. 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. Payment of an entrance fee refund is contingent upon a successor resident taking possession of the original residential unit.

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

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

The gross amounts of refund obligations are summarized below and are categorized as refundable entrance fees and standard entrance fees. The contingent refundable entrance fees are fixed in their amounts but are refundable upon the receipt of a successor entrance fee, except at SH 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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

	2022	2021
Entrance Fees - Refundable	$ 7,971,187	$ 8,485,318
Contingent Refundable Entrance Fees	153,326,114	163,719,489
Entrance Fees - Deferred Revenue:		
25% to 100% Refundable Contracts	6,234,552	6,104,462
Standard Entrance Fee Option Contracts:		
Five-Year Contracts	168,913,233	158,625,597
Nine-Year Contracts	1,095,739	1,475,812
Nonrefundable	1,099,343	1,003,663
Total Entrance Fees - Deferred Revenue	177,342,867	167,209,534
Total Entrance Fees	$ 338,640,168	$ 339,414,341

Asbury Atlantic records revenue related to resident room and board, which, depending upon 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.

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

	2022	2021
Medicaid	$ 15,242,403	$ 15,249,925
Medicare	14,186,613	15,360,338
Managed Care	858,986	993,337
Private Pay	107,215,939	100,991,416
Total Resident Services Revenue	$ 137,503,941	$ 132,595,016

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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

	2022				
	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Total
Service Lines:					
Skilled Nursing Facility	$ 28,388,723	$ 6,616,246	$ 10,911,341	$ 8,914,617	$ 54,830,927
Assisted Living	12,503,493	2,159,457	9,241,089	2,321,109	26,225,148
Independent Living	29,910,698	10,011,937	10,266,570	5,591,725	55,780,930
Retail Sales	152,861	57,646	242,962	213,467	666,936
Total	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 137,503,941
Method of Reimbursement:					
Fee for Services	$ 70,802,914	$ 18,787,640	$ 30,419,000	$ 16,827,451	$ 136,837,005
Retail Sales	152,861	57,646	242,962	213,467	666,936
Total	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 137,503,941
Timing of Revenue and Recognition:					
Health Care Services Transferred Over Time	$ 70,802,914	$ 18,787,640	$ 30,419,000	$ 16,827,451	$ 136,837,005
Sales at Point in Time	152,861	57,646	242,962	213,467	666,936
Total	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 137,503,941

	2021				
	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Total
Service Lines:					
Skilled Nursing Facility	$ 29,008,608	$ 7,158,586	$ 10,742,540	$ 8,874,204	$ 55,783,938
Assisted Living	10,383,562	2,523,500	8,468,929	1,868,707	23,244,698
Independent Living	29,453,061	8,776,392	9,526,752	5,269,048	53,025,253
Retail Sales	100,337	35,753	219,984	185,053	541,127
Total	$ 68,945,568	$ 18,494,231	$ 28,958,205	$ 16,197,012	$ 132,595,016
Method of Reimbursement:					
Fee for Services	$ 68,845,231	$ 18,458,478	$ 28,738,221	$ 16,011,959	$ 132,053,889
Retail Sales	100,337	35,753	219,984	185,053	541,127
Total	$ 68,945,568	$ 18,494,231	$ 28,958,205	$ 16,197,012	$ 132,595,016
Timing of Revenue and Recognition:					
Health Care Services Transferred Over Time	$ 68,845,231	$ 18,458,478	$ 28,738,221	$ 16,011,959	$ 132,053,889
Sales at Point in Time	100,337	35,753	219,984	185,053	541,127
Total	$ 68,945,568	$ 18,494,231	$ 28,958,205	$ 16,197,012	$ 132,595,016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Costs

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

Charity Care

Asbury Atlantic's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as charity care. Because Asbury Atlantic 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, 2022 and 2021 was $3,036,269 and $2,656,787, respectively.

Occupancy Percentages

During the years ended December 31, 2022 and 2021, 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:

	2022				2021			
	Bethany Village	Springhill	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Methodist Village	Asbury Solomons, Inc.
Total Skilled Nursing Center Occupancy	93%	87%	95%	87%	95%	87%	72%	92%
Medicaid	29%	39%	54%	34%	28%	32%	51%	27%
Medicare	11%	7%	22%	12%	9%	7%	24%	13%
Private Pay and Other	60%	54%	24%	54%	63%	61%	25%	60%

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 Organization, COVID-19 has impacted various parts of its operations for the years ended December 31, 2022 and 2021 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. The Company believes the Company continues to take appropriate actions to mitigate the negative impact of this pandemic.

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 for the years ended December 31, 2022 and 2021 was $2,668,785 and $3,852,872, 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, 2022 and 2021, the Company recognized $4,092,898 and $2,428,759, respectively, as other operating revenue in the statements of operations and changes in net deficit. At December 31, 2022 and 2021, the Company recognized $-0- and $1,424,113, respectively, as deferred revenue in the balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2022 and 2021.

Contributions

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

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.

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 and BV. They 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 Asbury Atlantic, Inc. The objectives of these net assets are providing long-term growth of capital and maximizing the return on assets over the long-term while diversifying investments within asset classes to reduce the impact of losses in single investments. The income from these net assets is unrestricted and has been expended to support benevolent care.

Income from Operations

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

Tax Status

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (Continued)

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

Fair Value Measurements

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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, 2023, the date the financial statements were issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2022 and 2021, the Company has a working capital of $31,485,073 and $21,417,656, 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:

	2022	2021
Cash and Cash Equivalents	$ 5,090,313	$ 1,606,086
Investments	36,148,530	30,194,737
Accounts Receivable, Net	5,134,419	4,825,118
Other Receivables	7,771,162	7,885,550
Investments Held Under Bond Indenture	9,466,694	5,254,665
Total Financial Assets	$ 63,611,118	$ 49,766,156

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

NOTE 4 REGULATORY ENVIRONMENT

Medicare and Medicaid

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

Medicare Reimbursement

The 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 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.

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Medicare Reimbursement (Continued)

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.

Pennsylvania Medicaid Reimbursement

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

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

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Pennsylvania Medicaid Reimbursement (Continued)

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

Other

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

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 2022 or 2021.

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, 2022 and 2021. 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.

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 amortization, computed only on the proportional share of financing or operating expenses that is applicable to residents of BV under continuing-care agreements.

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Pennsylvania Department of Insurance Reserve Requirements (Continued)

The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 is $4,214,255 and $3,766,121, 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:

	2022	2021
Projected Annual Interest Expense	$ 3,817,651	$ 3,221,530
Principal Payments Due on Long-Term Debt	2,255,638	2,208,287
Liquid Reserve Requirement	6,073,289	5,429,817
Projected Annual Operating Expenses	32,545,596	30,839,960
Minimum Rate	10%	10%
Liquid Reserve Requirement	3,254,560	3,083,996
Maximum Liquid Reserve Requirement	6,073,289	5,429,817
Approximate Percentage of Continuing Care Clients	69%	69%
Statutory Minimum Liquid Reserve	$ 4,214,255	$ 3,766,121

SH must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 is $1,126,503 and $1,237,199 respectively and is based on 10% of the projected annual operating expenses exclusive of depreciation and amortization. The statutory minimum liquid reserve requirement as of December 31 for SH is as follows:

	2022	2021
Projected Annual Interest Expense	$ 1,216,377	$ 871,551
Principal Payments Due on Long-Term Debt	609,361	596,713
Liquid Reserve Requirement	1,825,738	1,468,264
Projected Annual Operating Expenses	19,279,537	18,253,154
Minimum Rate	10%	10%
Liquid Reserve Requirement	1,927,954	1,825,315
Maximum Liquid Reserve Requirement	1,927,954	1,825,315
Approximate Percentage of Continuing Care Clients	58%	68%
Statutory Minimum Liquid Reserve	$ 1,126,503	$ 1,237,199

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

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

State of Maryland Statutory Reserves

The state of Maryland requires Asbury Atlantic to set aside reserves equal to 15% of its net operating expenses (as defined) for the most recent fiscal year. The total amount reserved for AMV is as follows as of December 31:

	2022	2021
Maryland Department of Aging Reserves:		
Operating Expenses	$ 91,586,958	$ 91,735,175
Less: Depreciation and Amortization Expense	(17,544,328)	(16,574,199)
Interest Expense	(3,740,448)	(3,873,707)
Net Operating Expenses	$ 70,302,182	$ 71,287,269
Total Operating Reserve (15% of Net Operating Expenses)	$ 10,545,327	$ 10,693,090
Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	$ 10,545,327	$ 10,693,090
Cash and Marketable Securities Available for Operating Reserve	$ 17,575,546	$ 16,396,072

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

	2022	2021
Maryland Department of Aging Reserves:		
Operating Expenses	$ 20,153,610	$ 19,670,197
Less: Depreciation and Amortization Expense	(3,269,530)	(3,098,437)
Interest Expense	(660,940)	(723,285)
Net Operating Expenses	$ 16,223,140	$ 15,848,475
Total Operating Reserve (15% of Net Operating Expenses)	$ 2,433,471	$ 2,377,271
Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	$ 2,433,471	$ 2,377,271
Cash and Marketable Securities Available for Operating Reserve	$ 4,055,785	$ 3,645,149

Beginning January 1, 2023, the reserve requirement increased to 25% of net operating expenses (as defined) for the most recent fiscal year. AMV and AS have met this requirement as of January 1, 2023.

NOTE 5 CONCENTRATION OF CREDIT RISK

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

	2022	2021
Private Pay	43 %	40 %
Medicaid	20	22
Medicare	26	29
Other (Primarily Managed Care and Insurance)	11	9
Total	100 %	100 %

NOTE 6 INVESTMENTS

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

	2022	2021
Investments:		
Cash and Short-Term Investments	$ 407,653	$ 355,990
Fixed-Income Securities and Mutual Funds	11,032,138	9,858,872
Equity Securities and Equity Mutual Funds	13,348,931	14,112,083
Alternative Investments	11,359,808	5,867,792
Total Investments	$ 36,148,530	$ 30,194,737
Investments Restricted by Donors:		
Cash and Short-Term Investments	$ 85,911	$ 303,370
Fixed-Income Securities and Mutual Funds	4,402,227	4,837,980
Equity Securities and Equity Mutual Funds	8,737,879	10,177,612
Real Estate Mutual Funds	12,793	15,809
Total Investments Restricted by Donors	$ 13,238,810	$ 15,334,771
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	$ 48,711,078	$ 21,470,175
Statutory Reserves:		
Cash and Short-Term Investments	$ 26,972,089	$ 25,044,541
Investments Restricted by Board:		
Cash and Short-Term Investments	$ 51,493	$ 61,371
Fixed-Income Securities and Mutual Funds	1,393,528	1,699,632
Equity Securities and Equity Mutual Funds	2,515,264	3,046,630
Alternative Investments	605,828	397,826
Total Investments Restricted by Board	$ 4,566,113	$ 5,205,459

NOTE 6 INVESTMENTS (CONTINUED)

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

	2022	2021
Debt Service Fund	$ 9,744,918	$ 5,342,081
Debt Service Reserve Fund	16,103,006	16,128,094
Project Fund	22,863,154	-
Total	48,711,078	21,470,175
Less: Current Portion	(9,466,694)	(5,254,665)
Long-Term Portion of Bond Indenture	$ 39,244,384	$ 16,215,510

The total return on investments, along with investments held under bond indenture, statutory reserves, and investments restricted by, including the change in the market value of derivative instruments, generated net board investment income and earnings for the years ended December 31, 2022 and 2021 as follows:

	2022	2021
Included Within Asbury Atlantic's Performance Indicator:		
Interest and Dividend Income, Net	$ 2,351,531	$ 1,726,328
Net Realized Gain (Loss) on Investments	(2,713,521)	8,257,051
Net Unrealized Loss on Equity Security Investments	(12,911,008)	(433,732)
Net Unrealized Gain on Change in Market Value of Derivative Instruments	2,828,867	59,780
Total	(10,444,131)	9,609,427
Included in Other Changes in Net Deficit:		
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	176,053	(782,152)
Total	$ (10,268,078)	$ 8,827,275

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, 2022 and 2021, Asbury Atlantic 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 AMV, AS, SH, BV, Asbury Place, Albright, and HCBS. Asbury Atlantic's beneficial interest in the net assets of AFOUND was $33,001,348 and $29,876,855 as of December 31, 2022 and 2021, respectively. The balance sheets of AFOUND consisted of the following at December 31:

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 119,358	$ 79,364
Pledges Receivable, Net	807,667	650,359
Prepaid Expenses and Other Assets	76,143	38,485
Total Current Assets	1,003,168	768,208
Property and Equipment, Net	122,815	5,329
Investments Restricted by Donor	37,884,356	43,076,657
Pledge Receivable, Net	6,614,828	7,158,088
Long-Term Investments	1,200,000	-
Funds Held in Trust	2,871,521	1,939,854
Total Assets	$ 49,696,688	$ 52,948,136
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 175,763	$ 8,700
Due to ACOMM, Net	10,627,594	18,653,269
Obligations under Charitable Gift Annuities	3,748,909	3,431,631
Total Liabilities	14,552,266	22,093,600
NET ASSETS		
With Donor Restrictions	35,144,422	30,854,536
Total Net Assets	35,144,422	30,854,536
Total Liabilities and Net Assets	$ 49,696,688	$ 52,948,136

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

NOTE 8 OBLIGATION UNDER CHARITABLE GIFT ANNUITIES

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

Obligations related to charitable gift annuities issued by BV are recorded at the present value of the future interest payments based on the donor’s life expectancy. Amounts donated in excess of the liability are recorded as donations with restrictions in the statements of operations and changes in net deficit. The present value of the liability is calculated using the five-year United States Treasury Bond rate. This rate was 3.99% and 1.26% at December 31, 2022 and 2021, respectively. Changes in the present value of the accompanying obligation are shown as changes in values of charitable gift annuities in the statements of operations and changes in net deficit.

NOTE 9 PROPERTY AND EQUIPMENT

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

	2022	2021
Land and Improvements	$ 47,444,762	$ 46,538,781
Buildings and Improvements	544,650,463	535,822,576
Furniture and Equipment	60,159,923	56,586,532
Construction in Progress	186,757	680,353
Total	652,441,905	639,628,242
Less: Accumulated Depreciation	(387,268,902)	(367,642,394)
Property and Equipment, Net	$ 265,173,003	$ 271,985,848

Depreciation expense on property and equipment was $27,832,827 and $27,820,660 for the years ended December 31, 2022 and 2021, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

Due to/from ACOMM

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

- Accrued Paid Time Off (PTO) – By utilizing the payroll function, all salaries and withholdings are processed through ACOMM. ACOMM also calculates, tracks, and accrues the amounts due to employees relating to available PTO for each payroll period. This accrual does not affect the cash of the affiliates until the balance is actually paid out to the employees and is not cleared out of the intercompany accounts until paid. The intercompany account then will retain an amount equal to the accumulated value of unused PTO for each affiliate.

- 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 intercompany account. For 2022 and 2021, no management fees were deferred in order to maintain bond covenant compliance.

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

- Cumulative Cash Flow – Some facilities will have accumulated negative cash flow, as any cash needs supplemented by ACOMM will also be included in the intercompany account. Cumulative positive cash flow levels will periodically be transferred to more permanent investment vehicles of the respective affiliate's books.

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

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Due to/from ACOMM (Continued)

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

Prior Equity Contributions

In 1994 and 1996, AMV made equity contributions, totaling $3,451,578, to AS for the construction of the AS facility, which was completed in 2002. In 1997, AS voluntarily agreed to return the equity contributions when certain financial benchmarks were reached. Specifically, by action of the AS board, it was agreed that AS would return the funds at such time as achieved a Cash and Investments to Debt Ratio of 45%, matching the CCAC median for accredited continuing care retirement communities. Accordingly, these amounts are not recorded as Due to ACOMM in the financial statements because it was not a loan, and unless and until such time as the Cash and Investments to Debt Ratio reach 45%, AS will not return this equity contribution to AMV. The equity contribution was repaid in full during 2022.

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

Service Fees

Asbury Atlantic received administrative services from ACOMM under a service agreement at a cost of $15,312,303 and $14,066,360 in 2022 and 2021, respectively. 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 Asbury Atlantic under all of Asbury Atlantic’s secured loan agreements.

In 2021, Asbury Atlantic entered into a services agreement with Albright to receive pharmacy services for the benefit of the residents at the BV and SH campuses. Albright submits monthly invoices to Asbury Atlantic for all products and services provided under this agreement on behalf of BV and SH residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to BV and SH for the years ended December 31, 2022 and 2021 was $344,320 and $187,574, respectively.

In 2022, Asbury Atlantic entered into a services agreement with Albright to receive pharmacy services for the benefit of the residents at the AMV and AS campuses. Albright submits monthly invoices to Asbury Atlantic for all products and services provided under this agreement on behalf of AMV and AS residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to AMV and AS for the year ended December 31, 2022 was $653,240.

NOTE 11 LONG-TERM DEBT

Long-term debt consisted of the following:

	Interest Rate	Maturity Dates	2022	2021
Series 2022A PA Bonds	Variable Rate Revenue Bonds	2025 - 2037	$ 2,914,924	$ -
Series 2022 MD Bonds	Fixed Rate Revenue Bonds	2037 - 2042	40,000,000	-
Series 2021A PA Bonds	Fixed Rate Revenue Bonds	2034 - 2041	27,235,000	27,235,000
Series 2021B PA Bonds	Variable Rate Revenue Bonds	2022 - 2034	19,255,000	20,220,000
Series 2019A MD Bonds	Variable Rate Revenue Bonds	2019 - 2023	110,000	2,056,000
Series 2019B MD Bonds	Variable Rate Revenue Bonds	2019 - 2027	3,887,000	4,875,000
Series 2019 PA Bonds	Fixed Rate Revenue Bonds	2021 - 2045	54,970,000	56,810,000
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	11,870,000	13,180,000
Subtotal			242,781,924	206,916,000
Unamortized Bond Premium/Discount on Bonds, Net			9,319,744	12,169,863
Unamortized Bond Financing Costs			(4,107,668)	(3,292,445)
Current Portion Bonds Payable			(9,716,000)	(7,049,000)
Total Bonds Payable			238,278,000	208,744,418
Note Payable			185,033	-
Current Portion Note Payable			(20,257)	-
Total Note Payable			164,776	-
Total Long-Term Debt			$ 238,442,776	$ 208,744,418

Series 2022A Pennsylvania (PA) Bonds

In July 2022, the Obligated Group entered into a loan agreement with Cumberland County Municipal Authority (the Authority) pursuant to which the Authority issued the (Asbury Pennsylvania Obligated Group), Series 2022A Revenue Bonds, (the Series 2022A PA Bonds) in the aggregate principal amount of $18,000,000. The Series 2022A PA Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.343%. The PA Obligated Group has hedged its interest rate exposure associated with the 2022A PA Bonds as described in Note 12 below. As of December 31, 2022, $2,914,924 has been drawn down on the Series 2022A Bonds.

The proceeds of the Series 2022A PA Bonds will be used to finance improvements at the Bethany Village and Spring Hill campuses.

Series 2022 Maryland (MD) Bonds

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

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

NOTE 11 LONG-TERM 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 12 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 compromised 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.

NOTE 11 LONG-TERM 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 compromised 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 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.

NOTE 11 LONG-TERM DEBT (CONTINUED)

Series 2012 Pennsylvania (PA) Bonds (Continued)

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.

Note Payable

In October 2017, the Asbury Maryland Obligated Group entered into a management agreement with Sodexo Operations, LLC (Sodexo). Within this agreement, there is a contract commitment whereas Sodexo shall purchase equipment for the services stated in the management agreement and/or provide renovations in support of the services in an amount not to exceed $7,000,000. Sodexo shall amortize the contract commitment on a straight-line basis over ten years, commencing with the date the equipment is placed in service or when renovation commences, as applicable. The balance of the contract commitment as of December 31, 2022 and 2021 is $185,033 and $-0-, respectively.

Deferred Financing Costs

Deferred financing costs represent expenses (e.g. underwriting, legal, consulting, and other costs) incurred in connection with issuance of debt and are deferred and amortized over the life of the related indebtedness on a straight-line basis, which approximates the effective-interest method. The amortization of deferred financing costs is included in interest expense and totaled $261,178 and $221,210 for the years ended December 31, 2022 and 2021, 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 $820,217 and $862,554 for the years ended December 31, 2022 and 2021, respectively.

Liens and Covenants

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

The Asbury Maryland Obligated Group and the Pennsylvania Obligated Group are subject to various covenants under the bond agreements. These covenants include various reporting, financial, and operational requirements. As of December 31, 2022, management is not aware of any noncompliance with these covenants.

NOTE 11 LONG-TERM DEBT (CONTINUED)

Debt Maturities

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

Year Ending December 31,	Amount
2023	$ 9,736,257
2024	10,462,257
2025	11,431,357
2026	12,525,698
2027	14,599,919
Thereafter	184,211,469
Total	$ 242,966,957

NOTE 12 DERIVATIVE INSTRUMENTS

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 2.226% (Series 2019A) and 2.309% (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 Atlantic, on behalf of the PA Obligated Group, entered into a swap agreement in connection with the issuance of the 2022A PA Bonds. Under this agreement, Asbury Atlantic pays a fixed rate of interest of 3.456% and receives floating rate payments equal to adjusted SOFR plus a spread of 1.343% based on a notional amount equal to the principal amount of the 2022A PA Bonds. Payments under the swap agreement will begin on July 1, 2024 and will terminate on July 1, 2036.

NOTE 12 DERIVATIVE INSTRUMENTS (CONTINUED)

The following is a schedule outlining the terms and fair market values of the derivative instruments on December 31, 2022:

	Series 2019A MD	Series 2019B MD	Series 2021B PA	Series 2022	Total
Notional Amount - December 31, 2022	$ 110,000	$ 3,887,000	$ 19,255,000	$ 16,297,409	
Trade Date	11/8/2019	11/8/2019	6/4/2021	7/26/2022	
Effective Date	11/8/2019	11/8/2019	10/4/2021	7/1/2024	
Termination Date	11/1/2023	11/1/2027	6/1/2033	7/1/2036	
Fixed Rate	2.226%	2.309%	1.080%	3.456%	
Fair Value - December 31, 2020	$ (68,791)	$ (292,230)	$ -	$ -	$ (361,021)
Unrealized Gain (Loss)	60,406	181,882	(182,508)	-	59,780
Fair Value - December 31, 2021	(8,385)	(110,348)	(182,508)	-	(301,241)
Unrealized Gain	9,699	356,786	2,089,180	373,202	2,828,867
Fair Value - December 31, 2022	$ 1,314	$ 246,438	$ 1,906,672	$ 373,202	$ 2,527,626

Asbury Atlantic has included the fair market value of derivative instruments as an asset (liability) of $2,527,626 and ($301,241) in the accompanying balance sheets as of December 31, 2022 and 2021, respectively. Net unrealized gains on derivative instruments were $2,828,867 and $59,780 in 2022 and 2021, respectively.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were $40,408,224 and $37,300,696 as of December 31, 2022 and 2021, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling $35,325,230 and $33,588,400 as of December 31, 2022 and 2021, 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.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	2022	2021
Endowment Fund - Beginning of Year	$ 33,588,400	$ 29,823,225
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	1,753,796	3,809,134
Changes in Value of Obligations under Charitable Gift Annuities	(16,966)	(43,959)
Endowment Fund - End of Year	$ 35,325,230	$ 33,588,400

NOTE 14 RETIREMENT PLAN

ACOMM and affiliates sponsor a defined contribution plan (the Plan) under IRC Section 401(k). All full-time employees of ACOMM and affiliates are eligible to participate in the Plan. Employees may elect to defer up to $20,500 of their base salary, subject to certain limitations. The employer match is 100% of the employee contributions up to 4% and 50% on the next 2% of contributions for each eligible employee. The employer’s contribution expense for the years ended December 31, 2022 and 2021 was $1,952,711 and $1,909,312, respectively.

NOTE 15 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, 2023. 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 2023, 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.

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Caring Communities, a Reciprocal Risk Retention Group (Continued)

ACOMM executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2022, ACOMM's capital contributions were $560,508 which represents 2.25% 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 for any claim exceeding $200,000 per participant with unlimited reimbursement after a $50,000 aggregate deductible (one time across all claimants).

Legal Actions and Claims

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

Lease Commitments

Asbury Atlantic leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

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

	2022	2021
Lease Costs		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	$ 56,314	$ -
Interest on Lease Liabilities	2,244	-
Operating Lease Cost	1,152,759	1,410,952
Total Lease Cost	$ 1,211,317	$ 1,410,952
Other information:		
(Gains) and losses on sale leaseback transactions, net	-	-
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	$ 2,244	$ -
Operating Cash Flows from Operating Leases	1,152,759	1,410,952
Financing Cash Flows from Finance Leases	87,757	-
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	264,904	-
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	417,998	1,284,565
Weighted-Average Remaining Lease Term - Finance Leases	2.36 years	-
Weighted-Average Remaining Lease Term - Operating Leases	3.33 years	4.02 years
Weighted-Average Discount Rate - Finance Leases	2.00%	-
Weighted-Average Discount Rate - Operating Leases	2.00%	2.00%

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022 is as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2023	$ 558,284	$ 90,000
2024	529,597	90,000
2025	487,203	-
2026	157,941	-
2027	34,079	-
Total	1,767,104	180,000
Less: Interest Expense	(56,237)	(2,852)
Amounts Recognized in the Balance Sheets	$ 1,710,867	$ 177,148

NOTE 16 FUNCTIONAL EXPENSES

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

	2022		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	$ 57,316,525	$ -	$ 57,316,525
Employee Benefits	11,461,382	-	11,461,382
Contract Labor	11,197,295	-	11,197,295
Food Purchases	6,055,991	-	6,055,991
Medical Supplies and Other Resident Costs	5,919,546	-	5,919,546
General and Administrative	-	3,133,185	3,133,185
Building and Maintenance	17,001,930	-	17,001,930
Professional Fees and Insurance	1,818,156	-	1,818,156
Interest	9,613,616	-	9,613,616
Taxes	4,151,965	-	4,151,965
Provision for Bad Debts	91,600	-	91,600
Depreciation and Amortization	27,999,121	-	27,999,121
Management and Other Fees	-	14,777,181	14,777,181
Allocations to Asbury Foundation, Inc.	-	2,319,333	2,319,333
Total Functional Expenses	$ 152,627,127	$ 20,229,699	$ 172,856,826

NOTE 16 FUNCTIONAL EXPENSES (CONTINUED)

	2021		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	$ 54,696,312	$ -	$ 54,696,312
Employee Benefits	13,429,595	-	13,429,595
Contract Labor	8,737,508	-	8,737,508
Food Purchases	5,450,465	-	5,450,465
Medical Supplies and Other Resident Costs	7,473,147	-	7,473,147
General and Administrative	-	3,122,865	3,122,865
Building and Maintenance	16,232,762	-	16,232,762
Professional Fees and Insurance	1,617,325	-	1,617,325
Interest	9,236,668	-	9,236,668
Taxes	4,166,737	-	4,166,737
Provision for Bad Debts	684,056	-	684,056
Depreciation and Amortization	27,953,363	-	27,953,363
Management and Other Fees	-	13,786,457	13,786,457
Total Functional Expenses	$ 149,677,938	$ 16,909,322	$ 166,587,260

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

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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.

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	At Fair Value as of December 31, 2022			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets				
Cash and Short-Term Investments	$ 76,228,224	$ -	$ -	$ 76,228,224
Fixed Income Securities and Mutual Funds	16,827,893	-	-	16,827,893
Equity Securities and Mutual Funds	24,602,074	-	-	24,602,074
Real Estate Mutual Funds	12,793	-	-	12,793
Derivative Instruments		2,527,626		2,527,626
Subtotal	$ 117,670,984	$ 2,527,626	$ -	$ 120,198,610
Investments measured at Fair Value Using Net Asset Value Per Share				11,965,636
Total				$ 132,164,246

	At Fair Value as of December 31, 2021			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets				
Cash and Short-Term Investments	$ 47,235,447	$ -	$ -	$ 47,235,447
Fixed Income Securities and Mutual Funds	16,396,484	-	-	16,396,484
Equity Securities and Mutual Funds	27,336,325	-	-	27,336,325
Real Estate Mutual Funds	15,809	-	-	15,809
Subtotal	$ 90,984,065	$ -	$ -	$ 90,984,065
Investments measured at Fair Value Using Net Asset Value Per Share				6,265,618
Total				$ 97,249,683
Liabilities				
Derivative Instruments	$ -	$ 301,241	$ -	$ 301,241

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Obligated Group has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment. A listing of the investments held by the Obligated Group and their attributes that may qualify for these valuations consist of the following as of December 31, 2022:

Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency*	Redemption Notice Period
Pantheon USA Fund VI	$ 30,072	$ 167,124	N/A - illiquid	N/A - illiquid
Pantheon Global Fund III	33,493	138,966	N/A - illiquid	N/A - illiquid
Ironwood International Ltd.	3,751,321	-	Semi Annually (on anniversary date)	95 calendar days
Ironwood Institutional Multi-Strategy Fund	536,444	-	Semi Annually (June 30 and Dec 31)	95 calendar days
Partners Group	1,312,683	-	Quarterly	20 business days
Blackstone Real Estate Income Trust, Inc.	1,303,475	-	Monthly	7 days prior to month-end
Nuveen Global Cities	1,311,480	-	Monthly	7 days prior to month-end
ACL Alternative Fund	2,373,986	-	Daily	N/A
Pomona Investment Fund	1,312,684	-	Quarterly	20 business days
Total	$ 11,965,636			

**Subject to Board approval for each period or as documented in the fund's prospectus*

ASBURY ATLANTIC, INC.
BALANCE SHEET BY LOCATION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
CURRENT ASSETS						
Cash and Cash Equivalents	$ 1,116,299	$ 10,999	$ 3,269,756	$ 693,259	$ -	$ 5,090,313
Investments	33,062,644	-	2,737,272	348,614	-	36,148,530
Accounts Receivable	3,092,181	431,771	803,524	806,943	-	5,134,419
Other Receivables and Prepaid Expenses	4,094,094	1,959,417	1,349,791	367,860	-	7,771,162
Investments Held Under Bond Indenture	5,837,742	781,039	2,266,352	581,561	-	9,466,694
Total Current Assets	47,202,960	3,183,226	10,426,695	2,798,237	-	63,611,118
Due from ACOMM, Net	48,685,419	17,895,422	14,771,533	-	(4,896,998)	76,455,376
Property and Equipment, Net	135,437,973	37,221,806	75,037,806	17,475,418	-	265,173,003
Right-of-Use Assets - Operating Leases	848,635	134,241	441,023	286,968	-	1,710,867
Right-of-Use Assets - Finance Leases	183,306	25,285	-	-	-	208,591
Investments Restricted by Donors	-	-	13,238,810	-	-	13,238,810
Deposits and Other Assets	482,525	-	-	11,005	-	493,530
Investments Held Under Bond Indenture	26,294,189	5,168,218	6,177,490	1,604,487	-	39,244,384
Statutory Reserves	17,575,546	4,055,785	4,214,255	1,126,503	-	26,972,089
Investments Restricted by Board	1,420,314	-	3,145,799	-	-	4,566,113
Beneficial Interest in Net Assets of Foundation	20,084,118	3,892,972	8,558,506	465,752	-	33,001,348
Valuation of Derivative Instruments	246,975	777	1,648,989	630,885	-	2,527,626
Total Assets	$ 298,461,960	$ 71,577,732	$ 137,660,906	$ 24,399,255	$ (4,896,998)	$ 527,202,855

ASBURY ATLANTIC, INC.
BALANCE SHEET BY LOCATION (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET DEFICIT	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	$ 2,766,573	$ 101,047	$ 519,770	$ 216,410	$ -	$ 3,603,800
Accrued Compensation and Related Items	29,596	-	-	-	-	29,596
Accrued Interest Payable	3,013,426	463,286	1,544,323	420,976	-	5,442,011
Obligations Under Charitable Gift Annuities	-	-	77,052	-	-	77,052
Deposits from Prospective Residents	2,394,171	321,830	1,079,566	195,304	-	3,990,871
Entrance Fees - Refundable	4,248,785	2,961,954	460,615	299,833	-	7,971,187
Deferred Revenue	501,624	36,273	62,029	57,773	-	657,699
Current Portion of Lease Liabilities - Operating Leases	253,971	45,260	132,274	98,374	-	529,879
Current Portion of Lease Liabilities - Finance Leases	78,651	9,038	-	-	-	87,689
Current Portion of Long-Term Debt	6,159,691	711,566	2,255,639	609,361	-	9,736,257
Total Current Liabilities	19,446,488	4,650,254	6,131,268	1,898,031	-	32,126,041
Due to ACOMM, Net	-	-	-	4,896,998	(4,896,998)	-
Long-Term Lease Liabilities - Operating Leases	594,664	88,981	308,749	188,594	-	1,180,988
Long-Term Lease Liabilities - Finance Leases	80,238	9,221	-	-	-	89,459
Long-Term Debt, Less Current Portion	117,070,168	17,480,485	81,428,541	22,463,582	-	238,442,776
Contingent Refundable Entrance Fee Liability	102,709,120	23,527,506	12,813,830	14,275,658	-	153,326,114
Entrance Fees - Deferred Revenue	89,914,757	35,464,164	41,957,754	10,006,192	-	177,342,867
Obligations Under Charitable Gift Annuities	-	-	145,575	-	-	145,575
Other Deferred Revenue	1,500,000	-	-	-	-	1,500,000
Total Liabilities	331,315,435	81,220,611	142,785,717	53,729,055	(4,896,998)	604,153,820
NET ASSETS (DEFICIT)						
Without Donor Restrictions	(52,937,593)	(13,535,851)	(21,090,192)	(29,795,553)	-	(117,359,189)
With Donor Restrictions	20,084,118	3,892,972	15,965,381	465,753	-	40,408,224
Total Net Deficit	(32,853,475)	(9,642,879)	(5,124,811)	(29,329,800)	-	(76,950,965)
Total Liabilities and Net Deficit	$ 298,461,960	$ 71,577,732	$ 137,660,906	$ 24,399,255	$ (4,896,998)	$ 527,202,855

ASBURY ATLANTIC, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS BY LOCATION
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
REVENUES, GAINS, AND OTHER SUPPORT						
Resident Services Revenue	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ -	$ 137,503,941
Other Operating Revenue	4,443,115	731,386	1,347,906	589,328	-	7,111,735
Amortization of Entrance Fees	13,659,657	5,051,732	6,198,223	1,748,723	-	26,658,335
Interest and Dividend Income, Net	1,426,056	172,166	670,541	82,768	-	2,351,531
Net Realized Loss on Investments	(2,264,844)	(177,046)	(202,803)	(68,828)	-	(2,713,521)
Net Unrealized Loss on Equity Security Investments	(7,675,436)	(622,986)	(4,311,351)	(301,235)	-	(12,911,008)
Allocations from Asbury Foundation, Inc.	-	699,261	-	-	(699,261)	-
Total Revenues, Gains, and Other Support	80,544,323	24,699,799	34,364,478	19,091,674	(699,261)	158,001,013
EXPENSES						
Salaries	31,755,667	6,623,752	10,896,141	8,040,965	-	57,316,525
Employee Benefits	6,117,220	1,220,555	2,540,429	1,583,178	-	11,461,382
Contract Labor	4,017,277	1,368,460	4,000,391	1,811,167	-	11,197,295
Food Purchases	3,415,085	927,902	1,015,377	697,627	-	6,055,991
Medical Supplies and Other Resident Costs	3,537,214	682,440	1,091,310	608,582	-	5,919,546
General and Administrative	1,597,337	472,453	485,794	577,601	-	3,133,185
Building and Maintenance	8,711,801	2,433,982	4,062,000	1,794,147	-	17,001,930
Professional Fees and Insurance	990,245	244,246	328,493	255,172	-	1,818,156
Interest	4,715,436	771,665	3,227,437	899,078	-	9,613,616
Taxes	2,244,282	702,323	1,027,798	177,562	-	4,151,965
Provision for Bad Debts	76,922	(17,579)	(31,721)	63,978	-	91,600
Depreciation and Amortization	17,465,064	3,314,933	5,274,589	1,944,535	-	27,999,121
Management and Other Fees	8,281,317	2,118,618	2,696,350	1,680,896	-	14,777,181
Allocations to Asbury Foundation, Inc.	1,338,758	-	1,562,894	116,942	(699,261)	2,319,333
Total Expenses	94,263,625	20,863,750	38,177,282	20,251,430	(699,261)	172,856,826
INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS AND GAIN ON DISPOSAL OF ASSETS	(13,719,302)	3,836,049	(3,812,804)	(1,159,756)	-	(14,855,813)

ASBURY ATLANTIC, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS BY LOCATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
Income (Loss) from Operations Prior to Net Unrealized Gain on Change in Market Value of Derivative Instruments and Gain on Disposal of Assets	$ (13,719,302)	$ 3,836,049	$ (3,812,804)	$ (1,159,756)	$ -	$ (14,855,813)
Net Unrealized Gain on Change in Market Value of Derivative Instruments	360,745	5,740	1,789,700	672,682	-	2,828,867
Gain on Disposal of Assets	634,151	-	-	-	-	634,151
INCOME (LOSS) FROM OPERATIONS	(12,724,406)	3,841,789	(2,023,104)	(487,074)	-	(11,392,795)
NET DEFICIT WITHOUT DONOR RESTRICTIONS						
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	329,110	28,219	(192,130)	10,854	-	176,053
Net Assets Released from Restrictions Used for Purchase of Capital Items	72,007	27,407	74,123	125,524	-	299,061
Transfers to ACOMM	(308,250)	(34,250)	(52,750)	-	-	(395,250)
NET (INCREASE) DECREASE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	$ (12,631,539)	$ 3,863,165	$ (2,193,861)	$ (350,696)	$ -	$ (11,312,931)

ASBURY ATLANTIC, INC.
STATEMENT OF CASH FLOWS BY LOCATION
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Atlantic, Inc.
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in Net Deficit	$ (11,939,583)	$ 4,760,095	$ (610,460)	$ (415,456)	$ (8,205,404)
Adjustments to Reconcile Changes in Net Deficit to					
Net Cash Provided by Operating Activities:					
Provision for Bad Debts	76,922	(17,579)	(31,721)	63,978	91,600
Depreciation and Amortization of Deferred Marketing Costs	17,465,064	3,314,933	5,274,589	1,944,535	27,999,121
Amortization of Deferred Financing Costs	98,008	65,895	74,184	23,091	261,178
Amortization of Bond Premium/Discount	(548,691)	(56,529)	(169,694)	(45,303)	(820,217)
Amortization of ROU Asset	54,069	2,245	-	-	56,314
Amortization of Entrance Fees	(13,659,657)	(5,051,732)	(6,198,223)	(1,748,723)	(26,658,335)
Net Proceeds from Nonrefundable Entrance and Advance Fees	19,370,453	6,004,410	9,071,380	3,733,710	38,179,953
Net Unrealized Loss on Investments	7,346,326	594,767	4,503,481	290,381	12,734,955
Gain on Disposal of Assets	(634,151)	-	-	-	(634,151)
Net Unrealized Gain on Change in Market Value					
of Derivative Instruments	(360,745)	(5,740)	(1,789,700)	(672,682)	(2,828,867)
Changes in Beneficial Interest in Net Assets of Foundation	(691,956)	(896,930)	(1,600,368)	64,761	(3,124,493)
Transfers to ACOMM	308,250	34,250	52,750	-	395,250
Changes in Value of Obligations under Charitable Gift Annuities	-	-	16,966	-	16,966
Changes in Assets and Liabilities:					
Accounts Receivable	(357,608)	333,831	(28,861)	(348,263)	(400,901)
Other Receivables and Prepaid Expenses	170,802	(126,676)	(108,774)	(56,042)	(120,690)
Deferred Entrance Fees	580,587	(221,570)	(123,940)	-	235,077
Other Assets	96,740	-	11,360	(2,408)	105,692
Deferred Revenue	688,334	(182,247)	(275,716)	(257,759)	(27,388)
Accounts Payable and Accrued Expenses	1,308,389	37,702	256,113	59,833	1,662,037
Accrued Interest Payable	959,377	170,676	145,576	48,301	1,323,930
Net Cash Provided by Operating Activities	20,330,930	8,759,801	8,468,942	2,681,954	40,241,627

ASBURY ATLANTIC, INC.
STATEMENT OF CASH FLOWS BY LOCATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury Atlantic, Inc.
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property and Equipment, Net	$ (13,022,790)	$ (2,358,999)	$ (3,785,878)	$ (1,384,458)	$ (20,552,125)
Sale (Purchase) of Investments, Net	(15,782,650)	(584,169)	329,979	83,399	(15,953,441)
Net Cash Used by Investing Activities	(28,805,440)	(2,943,168)	(3,455,899)	(1,301,059)	(36,505,566)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	4,036,880	4,270,443	254,900	725,200	9,287,423
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits	(11,782,035)	(4,135,357)	(2,711,550)	(2,916,180)	(21,545,122)
Proceeds from Issuance of Debt	34,266,892	5,918,141	2,110,394	804,530	43,099,957
Redemption of Long-Term Debt	-	-	-	-	-
Payments on Debt	(3,089,502)	(1,151,787)	(2,208,263)	(596,737)	(7,046,289)
Payments for Deferred Financing Costs	(653,801)	(113,059)	(150,263)	(161,990)	(1,079,113)
Premiums from Issuance of Debt	(1,729,570)	(300,331)	-	-	(2,029,901)
Payments on Obligations under Deferred-Giving Arrangements	-	-	(69,550)	-	(69,550)
Payments on Finance Leases	(78,486)	(9,271)	-	-	(87,757)
Change in Due to ACOMM, Net	12,481,210	(5,514,344)	1,070,909	744,444	8,782,219
Transfers to ACOMM	(308,250)	(34,250)	(52,750)	-	(395,250)
Net Cash Provided (Used) by Financing Activities	33,143,338	(1,069,815)	(1,756,173)	(1,400,733)	28,916,617
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	24,668,828	4,746,818	3,256,870	(19,838)	32,652,678
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	26,154,948	5,269,223	12,670,983	4,025,648	48,120,802
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 50,823,776	$ 10,016,041	$ 15,927,853	$ 4,005,810	$ 80,773,480
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash Paid for Interest	$ 4,206,742	$ 591,623	$ 3,177,371	$ 872,989	$ 8,848,725
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES					
ROU Asset Received in Exchange for Finance Lease	$ 237,374	$ 27,530	$ -	$ -	$ 264,904