ALBRIGHT CARE SERVICES AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2023 AND 2022

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ALBRIGHT CARE SERVICES AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Albright Care Services and Affiliate
Lewisburg, Pennsylvania

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Albright Care Services and Affiliate, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Albright Care Services and Affiliate as of December 31, 2023 and 2022, and the results of its operations, changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Albright Care Services and Affiliate'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Albright Care Services and Affiliate'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.

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 22, 2024

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 7,341,784	$ 4,804,117
Investments	13,254,449	11,813,689
Accounts Receivable	3,851,077	3,521,112
Allowance for Credit Losses	(698,463)	(540,572)
Other Receivables and Prepaid Expenses	1,955,520	2,252,353
Total Current Assets	25,704,367	21,850,699
Property and Equipment, Net	54,226,900	56,146,949
Right-of-Use Assets - Operating Leases	10,694,393	4,747,812
Right-of-Use Assets - Finance Leases	442,321	167,837
Investments Restricted By Donors	5,412,474	4,646,443
Investments Held Under Bond Indenture	723,825	649,644
Deposits and Other Assets	490,495	393,455
Intangible Assets	1,160,099	-
Statutory Reserves	2,139,058	1,920,208
Funds Held In Trust	4,242,719	3,872,269
Beneficial Interest in Net Assets of Foundation	1,794,196	1,637,989
Valuation of Derivative Instruments	289,042	374,476
Total Assets	$ 107,319,889	$ 96,407,781
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,236,541	$ 903,466
Accrued Compensation and Related Items	267,347	238,680
Accrued Interest Payable	74,914	69,786
Obligation Under Deferred-Giving Arrangements	37,106	37,606
Deposits From Prospective Residents and Other Deposits	405,386	438,205
Entrance Fees - Refundable	766,123	791,038
Deferred Revenue	993,390	249,940
Reserve for LIFE Program	3,454,003	2,722,667
Current Portion of Lease Liabilities - Operating Leases	981,963	884,159
Current Portion of Lease Liabilities - Finance Leases	140,882	49,744
Current Maturities of Long-Term Debt	1,608,583	1,540,340
Total Current Liabilities	9,966,238	7,925,631
Due to ACOMM, Net	21,098,593	16,224,633
Long-Term Lease Liabilities - Operating Leases	9,937,369	4,059,707
Long-Term Lease Liabilities - Finance Leases	293,836	95,417
Long-Term Debt, Net of Current	19,556,499	21,119,911
Contingent Refundable Entrance Fee Liability	5,111,507	4,808,085
Entrance Fees - Deferred Revenue	22,444,557	20,787,050
Obligation Under Deferred-Giving Arrangements	91,335	100,614
Total Liabilities	88,499,934	75,121,048
NET ASSETS		
Without Donor Restrictions	7,917,115	11,299,999
With Donor Restrictions	10,902,840	9,986,734
Total Net Assets	18,819,955	21,286,733
Total Liabilities and Net Assets	$ 107,319,889	$ 96,407,781

See accompanying Notes to Consolidated Financial Statements.

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE, GAINS, AND OTHER SUPPORT		
Resident and Client Services Revenue	$ 58,468,719	$ 52,006,770
Other Operating Revenue	5,123,576	4,886,784
Amortization of Entrance Fees	3,594,713	3,407,747
Interest and Dividend Income, Net	458,928	347,266
Net Realized Losses on Investments	(686,411)	(1,689,099)
Net Unrealized Gain (Loss) on Equity Security Investments	1,823,490	(2,079,869)
Allocations from Asbury Foundation, Inc.	530,216	999,740
Total Revenues, Gains, and Other Support	69,313,231	57,879,339
EXPENSES		
Salaries	23,825,982	21,019,287
Employee Benefits	6,054,707	4,696,961
Contract Labor	4,127,658	6,621,005
Food Purchases	1,422,934	1,314,778
Medical Supplies and Other Resident Costs	16,827,255	15,489,688
General and Administrative	1,893,020	1,486,189
Building and Maintenance	6,904,204	6,500,414
Professional Fees and Property Insurance	713,405	650,992
Interest	1,433,156	953,918
Taxes	208,026	246,865
Provision for Credit Losses	407,161	12,304
Depreciation and Amortization	5,765,443	5,025,877
Service and Other Fees	5,107,083	1,855,153
Total Expenses	74,690,034	65,873,431
LOSS FROM OPERATIONS PRIOR TO LOSS ON DISPOSAL OF ASSETS AND UNREALIZED GAIN (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS	(5,376,803)	(7,994,092)
Loss on Disposal of Assets	(505,795)	-
Unrealized Gain (Loss) on Derivative Financial Instruments	(85,434)	899,143
Total Nonoperating Income (Loss)	(591,229)	899,143
LOSS FROM OPERATIONS	$ (5,968,032)	$ (7,094,949)

See accompanying Notes to Consolidated Financial Statements.

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Loss from Operations	$ (5,968,032)	$ (7,094,949)
Change in Value of Deferred-Giving Arrangements	(19,767)	53,209
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	604,915	(764,527)
Transfer of Capital	2,000,000	2,000,000
Equity Transfer	-	48,929
Net Assets Released from Restrictions Used for Purchase of Capital Items	-	40,000
Net Decrease in Net Assets Without Donor Restrictions	(3,382,884)	(5,717,338)
NET ASSETS WITH DONOR RESTRICTIONS		
Investment Income (Loss), Net	764,210	(729,334)
Change in Value of Deferred-Giving Arrangements	(4,311)	29,792
Change in Beneficial Interest in Net Assets of Foundation	156,207	1,016,810
Net Assets Released from Restrictions Used for Purchase of Capital Items	-	(40,000)
Net Increase in Net Assets With Donor Restrictions	916,106	277,268
CHANGE IN NET ASSETS	(2,466,778)	(5,440,070)
Net Assets - Beginning of Year	21,286,733	26,726,803
NET ASSETS - END OF YEAR	$ 18,819,955	$ 21,286,733

See accompanying Notes to Consolidated Financial Statements.

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (2,466,778)	$ (5,440,070)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	407,161	12,304
Depreciation and Amortization	5,620,902	5,025,877
Amortization of Deferred Financing Costs	50,172	48,923
Amortization of Right-of-Use Asset - Finance Leases	144,541	29,445
Gain on Disposal of Assets	(505,795)	-
Straight-Line Rent Adjustment	28,885	196,054
Net Proceeds from Nonrefundable Entrance and Advance Fees	5,663,073	4,387,420
Amortization of Entrance Fees	(3,594,713)	(3,407,747)
Net Unrealized (Gain) Loss on Investments	(2,428,405)	2,844,396
Net Realized Loss on Investments	686,411	1,689,099
Unrealized (Gain) Loss on Change in Market Value of Derivative Instruments	85,434	(899,143)
Changes in Value of Deferred-Giving Arrangements	24,078	(83,001)
Change in Funds Held In Trust	(370,450)	901,317
Change in Beneficial Interest in Net Assets of Foundation	(156,207)	(976,810)
Transfer from ACOMM	(2,000,000)	(2,000,000)
Changes in Assets and Liabilities:		
Accounts Receivable	(579,235)	388,637
Other Receivables and Prepaid Expenses	348,611	(827,926)
Deferred Revenue	685,716	(223,100)
Deferred Entrance Fees	(102,400)	418,700
Accounts Payable and Accrued Expenses	1,093,078	(1,424,216)
Accrued Interest Payable	5,128	19,773
Net Cash Provided by Operating Activities	2,639,207	679,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(5,719,044)	(16,027,406)
Sales of Investments	5,254,247	15,209,033
Purchase of Property and Equipment, Net	(2,907,458)	(4,864,289)
Acquisition of LIFE Programs	(1,500,000)	-
Net Cash Used by Investing Activities	(4,872,255)	(5,682,662)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	996,025	1,059,680
Refunds from Entrance and Advance Refundable Fees and Refundable Deposits	(1,103,456)	(2,155,912)
Payments on Long-Term Debt	(1,541,241)	(1,477,824)
Payments on Finance Leases	(129,468)	(52,121)
Payments on Deferred Financing Costs	(4,100)	-
Net Cash Distributed for Deferred-Giving Arrangements	(33,857)	(38,435)
Change in Due to ACOMM, Net	4,873,960	8,304,533
Transfer from ACOMM	2,000,000	2,000,000
Net Cash Provided by Financing Activities	5,057,863	7,639,921
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,824,815	2,637,191
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	7,408,980	4,771,789
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 10,233,795	$ 7,408,980
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 1,377,856	$ 885,222
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-Use Asset Received in Exchange for Finance Leases	$ 166,380	$ 197,282
Right-of-Use Asset Received in Exchange for Operating Leases	$ 7,170,957	$ 24,026

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION

Albright Care Services

Albright Care Services (Albright) is a nonprofit corporation that operates two continuing care retirement communities, Riverwoods (RW) located in Lewisburg, Pennsylvania and Normandie Ridge (NR) located in York, Pennsylvania, that provides housing, healthcare, and other related services to elderly residents through the operation of nursing facilities, personal care facilities, and residential living units. Albright also operates Albright Pharmacy Services located in Pennsylvania and Maryland and Albright Living Independence for Elderly (LIFE) Programs located in Lebanon, Lancaster, Lycoming, Chester, Cumberland County, and Franklin County, Pennsylvania.

Warrior Run Manor, Inc.

Warrior Run Manor Inc. (Warrior Run) is a nonprofit corporation that operates a 76-unit rental housing project for the elderly located in Watsontown, Pennsylvania (the Project). The Project is operated under Section 202 and 207 pursuant to Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. Under this program, the Project was provided with a HUD-insured loan to refinance the Project's existing indebtedness. The Project is also subject to Section 8 Housing Assistance Payments agreements with HUD, and a significant portion of the Project's rental income is received from HUD. The housing assistance payments recognized under this contract during the years ended December 31, 2023 and 2022 were $529,071 and $525,126, respectively. The Project's major programs are its Section 207 pursuant to Section 223(f) insured loan and its Section 8 rent subsidy.

Warrior Run is a controlled entity of Albright due to Albright appointing a majority of the Warrior Run's Board of Director. Albright serves as the supporting organization of the Warrior Run.

Asbury Affiliation

On January 1, 2020, Albright and Warrior Run became affiliates of Asbury Communities, Inc. (ACOMM), by ACOMM serving as the supporting organization for Albright and Warrior Run. ACOMM was organized on August 1, 1994, as a Maryland nonprofit organization to provide executive and comprehensive administrative functions, as well as policy and overall planning guidance, to its supported organizations. A services agreement was signed between the two under which ACOMM agrees to provide services to create efficiencies and a level of resources that might not be obtained otherwise. Albright maintains its ability to maintain licensures, make changes to scope of services, and expend funds. Day-to-day operations are still the responsibility of Albright. The initial term of the services agreement commenced January 1, 2020 and terminated December 31, 2020. If notice of intent to terminate is not given by either party no less than sixty days prior to December 31, the agreement automatically renews for another 12 months and may be renewed for up to five successive one-year periods. As notice of intent to terminate had not been given by either party no less than sixty days prior to December 31, 2023, the agreement automatically renewed for another 12 months through December 31, 2024.

NOTE 1 ORGANIZATION (CONTINUED)

Asbury Affiliation (Continued)

As it relates to Albright and Warrior Run, the affiliation is intended to increase and enhance the lifestyle and health care options of those who reside at Albright and Warrior Run now and in the future.

ACOMM serves as the supporting organization of Asbury Atlantic, Inc. (Asbury Atlantic); Asbury, Inc. (Asbury Place) and Affiliate; Asbury Communities HCBS, Inc. (HCBS); and Albright Care Services (Albright) and Affiliate (Warrior Run). Asbury Atlantic has operating affiliates compromised of Asbury Methodist Village (AMV), Asbury Solomons (AS), Bethany Village (BV), and Springhill (SH). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). TAG owns ThriveWell Tech, LLC and 1569 Teels Road, LLC which owns and operates Chandler Estate, Inc. Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

Business Combination

On October 7, 2021, Albright entered into an asset purchase agreement with SpiriTrust Lutheran LIFE (SpiriTrust) to buy SpiriTrust's right, title, and interest in the two LIFE Program operations located in Franklin County, Pennsylvania and Cumberland County, Pennsylvania. The transaction closed on August 1, 2023 and all activity since the date of acquisition is included in the consolidated statement of operations and changes in net assets for the year ended December 31, 2023. The total purchase price of the acquisition was $1,500,000 consisting of $935,256 in cash, $463,810 of receivables cleared that were due from SpiriTrust to ThriveWell Tech, LLC, and $100,934 of service fee receivables cleared that were due from SpiriTrust to Albright. Albright accounted for the acquisition using the purchase method of accounting. The purchase price was allocated to tangible and intangible assets acquired based on their estimated fair values at the acquisition date.

The following table summarizes the estimated fair values of the assets acquired at the date of acquisition:

	Amount
Prepaid and Other Current Assets	$ 52,301
Fixed Assets, Net	100,487
Intangibles - Customer List	1,347,212
Total Assets Acquired	1,500,000
Total Consideration	$ 1,500,000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Albright Care Services and Warrior Run Manor, Inc. (collectively, the Company). All significant intercompany transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

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

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

	2023	2022
Cash and Cash Equivalents	$ 7,341,784	$ 4,804,117
Statutory Reserves	2,139,058	1,920,208
Other Receivables and Prepaids:		
Restricted Mortgage Escrows	29,128	35,011
Investments Held Under Bond Indenture:		
Replacement Reserve	287,939	253,855
Residual Receipts	435,886	395,789
Total	$ 10,233,795	$ 7,408,980

Accounts Receivable and Allowance for Credit Losses

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

Under 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 63% and 61% of total resident and client services revenues for the years ended December 31, 2023 and 2022, respectively.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2023 and 2022, the allowance for estimate of expected credit losses was $698,463 and $540,572, respectively.

Changes in the allowance for credit losses for the year ended December 31, 2023 were as follows:

Allowance for Credit Losses:	
Balance, Beginning of Year	$ 540,572
Provision for Losses	407,984
Amounts Written Off	(249,270)
Recoveries	(823)
Balance, End of Year	$ 698,463

Inventories

Inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis. Net realizable value is the value of an asset that can be realized upon the sale of the asset, less a reasonable estimate of the costs associated with either the eventual sale or the disposal of the asset in question. Inventories of $1,122,763 and $1,067,685 are included in other receivables and prepaid expenses on the consolidated balance sheets at December 31, 2023 and 2022, respectively.

Intangible Assets

In 2023, the Company recorded $1,347,212 of intangible assets from the acquisition of the two LIFE Program operations located in Franklin County, Pennsylvania and Cumberland County, Pennsylvania for the customer lists. The Company amortizes these intangible assets using the straight-line method over the estimated useful lives of the intangible assets from the date of acquisition, which is 3 years. Amortization of intangible assets was $187,113 and $-0- for the years ended December 31, 2023 and 2022, respectively.

The Company reviews intangible assets 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 assets are less than its carrying amount, management compares the carrying amount of the asset 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 on intangible assets was recognized for the years ended December 31, 2023 and 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income

Investments 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.

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 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.

The portion of investments that is available to fund current operating activities is included in current assets in the accompanying consolidated balance sheets. Donated investments are reported at their fair values at date of receipt.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

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

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

Strategies Employed for Achieving Objectives

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

Derivatives Policy – Debt

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

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

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

The Company reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during 2023 and 2022.

Advertising Expenses

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the consolidated statements of operations. Advertising expense was $94,737 and $88,882 for the years ended December 31, 2023 and 2022, 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 the Company.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Collections

The Company's collections include art and other items of historical significance and are maintained in the Slifer House Museum, located on its RW campus. The collections, which were acquired through contributions, were recognized at fair value based upon an appraisal. Gains or losses from deaccessions of these items are reported on the accompanying consolidated statements of changes in net assets in the net assets with donor restrictions. Donated collections of $528,035 are included in property and equipment, net in the consolidated balance sheets for both the years ended December 31, 2023 and 2022.

Funds Held In Trust

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

Obligations Under Deferred-Giving Arrangements

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

Beneficial Interest in Net Assets of Foundation

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

Continuing Care Contracts

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

Resident and Client Services Revenue

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident and Client Services Revenue (Continued)

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.

Under entrance fee plans for residential living cottage units and for the residential living apartment units on Albright's Lewisburg and York campuses, the Company received payments in advance. Currently, residents have three entrance plan options available, a fifty percent (50%) refundable entrance fee, a standard entrance fee (SEF) which amortize over a five (5) year period, and a nonrefundable entrance fee. The 50% refundable option has a guaranteed refund component, which is 50% of the entrance fee paid. Previously, 90% and 100% refundable options were offered for certain units. The entrance fee paid under the SEF option is refundable on a decreasing basis for five (5) years; after 60 months of occupancy, the entrance fee is fully amortized and no refund is due or payable. The nonrefundable entrance fee option is classified as deferred revenue and is recognized as revenue on a straight-line basis over each individual resident's expected remaining life, adjusted annually (time-based measurement).

The refund component of entrance fees received is not amortized into income and is classified as refundable fees and deposits on the accompanying consolidated balance sheets. The balance of advance fees received after being contractually earned by the Company is amortized into income using the straight-line method over the estimated remaining life expectancies of the residents and is classified as deferred revenue from advance fees on the accompanying consolidated balance sheets. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancies of the residents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident and Client Services Revenue (Continued)

The gross amount of refund obligations is summarized below and are categorized as refundable entrance fees and standard entrance fees. All refunds are paid after all accommodations (including skilled nursing and personal care) have been vacated and a successor resident occupies the residential living unit. Prior to August 2020, the refund was paid after vacating the residential living unit only and a successor resident occupies the residential living unit or after one year of vacating the unit, whichever is earlier.

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

	2023	2022
Entrance Fees - Refundable	$ 766,123	$ 791,038
Contingent Refundable Entrance Fees	5,111,507	4,808,085
Entrance Fees - Deferred Revenue:		
50% to 100% Refundable Contracts	1,510,405	1,271,256
Standard Entrance Fee Option Contracts:		
Five Year Contracts	19,121,355	17,201,627
Seven Year Contracts	1,785,666	2,281,119
Ten Year Contracts	1,096	1,310
Nonrefundable Contracts	26,035	31,738
Total Entrance Fees - Deferred Revenue	22,444,557	20,787,050
Total Entrance Fees	$ 28,322,187	$ 26,386,173

Personal care and nursing services provided to Albright's residential living residents are paid for on a "fee-for-service" basis and are not included under the entrance fee plans.

The Company has an agreement with third-party payors that provide for reimbursement to the Company at amounts different from its established rates. Explicit price concessions under third-party reimbursement programs represent the difference between the Company's billings at established rates for services and amounts reimbursed by third-party payors.

A composition of resident and client services revenue by primary payor for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Medicaid	$ 17,521,445	$ 15,221,931
Medicare	19,131,455	16,125,377
Managed Care	679,493	516,778
Private Pay	21,136,326	20,142,684
Total Resident Services Revenue	$ 58,468,719	$ 52,006,770

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 and Client Services Revenue (Continued)

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

	2023					
	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Other	Total
Service Lines:						
Skilled Nursing Facility	$ 11,205,165	$ 8,783,534	$ -	$ -	$ -	$ 19,988,699
Assisted Living	2,075,987	2,424,876	-	-	-	4,500,863
Independent Living	2,550,444	2,833,403	-	-	(103,523)	5,280,324
Life Program	-	-	22,866,327	-	-	22,866,327
Pharmacy	-	-	-	5,611,338	-	5,611,338
Retail Sales	157,560	63,608	-	-	-	221,168
Total	$ 15,989,156	$ 14,105,421	$ 22,866,327	$ 5,611,338	$ (103,523)	$ 58,468,719
Method of Reimbursement:						
Fee for Services	$ 15,831,596	$ 14,041,813	$ 22,866,327	$ 5,611,338	$ (103,523)	$ 58,247,551
Retail Sales	157,560	63,608	-	-	-	221,168
Total	$ 15,989,156	$ 14,105,421	$ 22,866,327	$ 5,611,338	$ (103,523)	$ 58,468,719
Timing of Revenue and Recognition:						
Health Care Services Transferred Over Time	$ 15,831,596	$ 14,041,813	$ 22,866,327	$ 5,611,338	$ (103,523)	$ 58,247,551
Sales at Point in Time	157,560	63,608	-	-	-	221,168
Total	$ 15,989,156	$ 14,105,421	$ 22,866,327	$ 5,611,338	$ (103,523)	$ 58,468,719

	2022					
	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Other	Total
Service Lines:						
Skilled Nursing Facility	$ 11,400,076	$ 7,815,315	$ -	$ -	$ -	$ 19,215,391
Assisted Living	1,902,199	1,789,240	-	-	-	3,691,439
Independent Living	2,313,780	2,736,389	-	-	(137,111)	4,913,058
Life Program	-	-	18,496,504	-	-	18,496,504
Pharmacy	-	-	-	5,486,987	-	5,486,987
Retail Sales	139,397	63,994	-	-	-	203,391
Total	$ 15,755,452	$ 12,404,938	$ 18,496,504	$ 5,486,987	$ (137,111)	$ 52,006,770
Method of Reimbursement:						
Fee for Services	$ 15,616,055	$ 12,340,944	$ 18,496,504	$ 5,486,987	$ (137,111)	$ 51,803,379
Retail Sales	139,397	63,994	-	-	-	203,391
Total	$ 15,755,452	$ 12,404,938	$ 18,496,504	$ 5,486,987	$ (137,111)	$ 52,006,770
Timing of Revenue and Recognition:						
Health Care Services Transferred Over Time	$ 15,616,055	$ 12,340,944	$ 18,496,504	$ 5,486,987	$ (137,111)	$ 51,803,379
Sales at Point in Time	139,397	63,994	-	-	-	203,391
Total	$ 15,755,452	$ 12,404,938	$ 18,496,504	$ 5,486,987	$ (137,111)	$ 52,006,770

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Benevolent Care

The Company's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as benevolent care. Because the Company does not pursue collection of amounts determined to qualify as benevolent care, they are not reflected as revenue in the accompanying consolidated financial statements. Benevolent care provided to residents for the years ended December 31, 2023 and 2022 was $733,818 and $798,571, respectively.

Occupancy Percentages

During the years ended December 31, 2023 and 2022, 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:

	2023		2022	
	Normandie Ridge	Riverwoods	Normandie Ridge	Riverwoods
Total Skilled Nursing Center **Occupancy**	**94%**	**77%**	**89%**	**65%**
Medicaid	48%	62%	44%	63%
Medicare	26%	17%	25%	16%
Private Pay and Other	26%	21%	31%	21%

Provider Relief Funds

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

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Additionally, the U.S. Department of Homeland Security made available emergency relief grant funds through the Federal Emergency Management Agency (FEMA). Total grant funds approved and received by the Company for the years ended December 31, 2023 and 2022 was $4,474,461 and $3,090,941, respectively. The PRF and FEMA funds are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2023 and 2022, the Company recognized $3,814,159 and $3,470,900, respectively, as other operating revenue in the consolidated statements of operations. At December 31, 2023 and 2022, the Company recognized $660,302 and $-0-, respectively, as deferred revenue in the consolidated balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2023 and 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

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

Net Assets and Endowment Funds

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

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

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

Income (Loss) from Operations

The accompanying consolidated statements of operations include income (loss) from operations, which is the Company's performance indicator. Changes in net assets (deficit) without donor restrictions, which are excluded from the income (loss) from operations, consistent with industry practice, include changes in value of deferred-giving arrangements, net unrealized gain (loss) on fixed income securities and other investments, net assets released from restrictions for capital items, equity transfers, and transfers from ACOMM.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

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

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

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

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

Fair Value Measurements

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

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

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

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

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

Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. The Company has determined that there would be no impact to the accompanying consolidated 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements – ASU 2016-13

The Company has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

New Accounting Pronouncements – ASU 2020-04

In March 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04, *Reference Rate Reform, (Topic 848)*. This new standard allows an entity to elect optional expedients and exceptions for applying United States Generally Accepted Accounting Principles (U.S. GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform upon the transition from the use of the London Interbank Offer Rate (LIBOR) to alternative reference rates. This standard provides this temporary election through December 31, 2022 (sunset date).

In December 2022, the Financial Accounting Standards Board (FASB) issued ASU 2022-06 to defer the sunset date of Reference Rare Reform (Topic 848). This new standard allows an entity to elect not to apply certain modification accounting requirements to contracts affected by reference rate reform as entities transition from LIBOR to alternative reference rates. The standard provides this temporary election through December 31, 2024, and cannot be applied to contract modifications that occur after December 31, 2024.

The Company adopted the requirements of this guidance effective January 1, 2023, and has elected to apply the provisions of these standards to the beginning of the period of adoption.

The Company's PA Series 2014 and PA Series 2018 Master Note agreements and the related interest rate swap agreements have LIBOR as a reference rate; however, the loan and interest rate swap agreements also refer to an alternative reference rate that would be substituted should LIBOR be discontinued during the terms of the original loan and interest rate swap agreements. During 2023, LIBOR was discontinued, and the loan and interest rate swap agreements substituted LIBOR with the Secured Overnight Financing Rate (SOFR) as the new reference rate. No other changes were made to the original loans and interest rate swaps as a result of this transaction.

The Company elected the practical expedient to account for the change as if the modification was not substantial (continuation of the current contract) and not as an extinguishment.

These standards did not have an impact on the consolidated balance sheets, consolidated statements of operations and changes in net assets, nor the consolidated statements of cash flows.

Subsequent Events

In preparing these consolidated financial statements, the Company evaluated events that occurred through April 22, 2024, the date the consolidated financial statements were issued, for potential recognition or disclosure.

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2023 and 2022, the Company has working capital of $15,638,129 and $13,925,068, respectively. The Company has $2,500,000 available under its line of credit (Note 10).

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, consist of the following as of December 31, 2023 and 2022:

	2023	2022
Cash and Cash Equivalents	$ 7,341,784	$ 4,804,117
Investments	13,254,449	11,813,689
Accounts Receivable, Net	3,152,614	2,980,540
Other Receivables	1,955,520	2,252,353
Investments Held Under Bond Indenture	723,825	649,644
Total	$ 26,428,192	$ 22,500,343

The Company has certain investments 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 such as statutory liquid reserves. 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.

NOTE 4 REGULATORY ENVIRONMENT

Medicare and Medicaid

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

Medicare Reimbursement

Effective October 1, 2019, the Centers for Medicare and Medicaid Services (CMS) finalized the Patient Driven Payment Model (PDPM) to replace the prospective payment system (PPS) Medicare reimbursement system. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Medicare Reimbursement (Continued)

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

Medicaid Reimbursement

The Commonwealth of Pennsylvania pays nursing facilities a prospective daily rate for medical assistance residents (Pennsylvania Medicaid). The daily rate is set annually based on data in the three most recently filed cost reports. The rate comprises three net operating components (resident care, other resident-related, and administrative) and one capital component.

The net operating components are based on the facilities' actual net operating costs per day and limited by peer-group ceilings. Resident-care operating costs are adjusted to reflect the acuity level of the facility's residents through a case-mix index. The case-mix index is measured quarterly, and the annual rate is adjusted for any changes on a quarterly basis.

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

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

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.

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Other (Continued)

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2023 or 2022.

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 and client 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, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit loss expense.

Pennsylvania Department of Insurance Reserve Requirements

On a calendar year basis, the Company 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 Normandie Ridge under continuing care agreements.

The statutory minimum liquid reserve requirement as of December 31, 2023 and 2022 is $1,028,278 and $960,996, 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, 2023 and 2022 for Normandie Ridge is as follows:

	2023	2022
Projected Annual Interest Expense	$ 236,676	$ 292,210
Principal Payments Due on Long-Term Debt	759,335	727,356
Liquid Reserve Requirement	996,011	1,019,566
Projected Annual Operating Expenses	16,157,726	15,232,150
Minimum Rate	10%	10%
Liquid Reserve Requirement	1,615,773	1,523,215
Maximum Liquid Reserve Requirement	1,615,773	1,523,215
Approximate Percentage of Continuing Care Clients	64%	63%
Statutory Minimum Liquid Reserve	$ 1,028,278	$ 960,996

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Pennsylvania Department of Insurance Reserve Requirements

Riverwoods must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2023 and 2022 is $1,110,780 and $959,212, 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, 2023 and 2022 for Riverwoods is as follows:

	2023	2022
Projected Annual Interest Expense	$ 274,602	$ 304,672
Principal Payments Due on Long-Term Debt	770,053	736,661
Liquid Reserve Requirement	1,044,655	1,041,333
Projected Annual Operating Expenses	21,669,536	20,637,098
Minimum Rate	10%	10%
Liquid Reserve Requirement	2,166,954	2,063,710
Maximum Liquid Reserve Requirement	2,166,954	2,063,710
Approximate Percentage of Continuing Care Clients	51%	46%
Statutory Minimum Liquid Reserve	$ 1,110,780	$ 959,212

The Company receives deposits for independent living units prior to a resident taking occupancy of that unit. The Company is required to maintain certain deposits in escrow which is assets whose use is limited, an interest-bearing account, on the consolidated balance sheets.

NOTE 5 CONCENTRATIONS OF CREDIT RISK

The Company grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2023 and 2022 is as follows:

	2023	2022
Private Pay	34 %	29 %
Medicaid	23	24
Medicare	26	17
Other (Primarily Managed Care and Insurance)	17	30
Total	100 %	100 %

NOTE 6 INVESTMENTS

The 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, 2023 and 2022:

	2023	2022
Investments:		
Cash and Short-Term Investments	$ 225,054	$ 166,797
Fixed Income Mutual Funds	5,400,847	4,747,035
Equity Mutual Funds	5,564,099	4,601,908
Alternative Investments	2,064,449	2,297,949
Total Investments	$ 13,254,449	$ 11,813,689
Investments Restricted by Donors:		
Cash and Short-Term Investments	$ 90,305	$ 127,808
Fixed Income Mutual Funds	1,313,408	1,327,439
Equity Mutual Funds	4,008,761	3,191,196
Total Investments Restricted by Donors	$ 5,412,474	$ 4,646,443
Statutory Reserves:		
Cash and Short-Term Investments	$ 2,139,058	$ 1,920,208
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	$ 723,825	$ 649,644

The total return on investments without donor restrictions, along with investments classified as assets whose use is limited and investments restricted by the board, including the change in the market value of derivative instruments, generated net investment income, excluding capitalized interest income, is as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Included within the Performance Indicator:		
Interest and Dividend Income, Net	$ 458,928	$ 347,266
Net Realized Loss on Investments	(686,411)	(1,689,099)
Net Unrealized Gain (Loss) on Equity Security Investments	1,823,490	(2,079,869)
Unrealized Gain (Loss) on Derivative Financial Instruments	(85,434)	899,143
Total	1,510,573	(2,522,559)
Included in Other Changes in Net Assets:		
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	604,915	(764,527)
Included in Net Assets With Donor Restrictions:		
Investment Income (Loss), Net	764,210	(729,334)
Total	$ 2,115,488	$ (3,287,086)

NOTE 6 INVESTMENTS (CONTINUED)

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

The Company engages professionals to manage its investment portfolio within guidelines of ACOMM's board-approved investment policy. As the need arises, management reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the years ended December 31, 2023 and 2022, the Company did not identify any other than temporary declines in the fair value of investments.

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF FOUNDATION

AFOUND was established to solicit, receive, hold, invest, and reinvest donations and bequests, which are made primarily for the benefit of AMV, AS, BV, SH, Albright, and HCBS. The Company records an interest in the net assets of AFOUND resulting from contributions without and with donor restrictions that are solicited and held by AFOUND to be used for the benefit of the Company. The Company's beneficial interest in the net assets of AFOUND was $1,794,196 and $1,637,989 as of December 31, 2023 and 2022, respectively.

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

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

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 99,380	$ 119,358
Pledges Receivable, Net	602,841	807,667
Prepaid Expenses and Other Assets	45,335	76,143
Total Current Assets	747,556	1,003,168
Property and Equipment, Net	101,746	122,815
Investments Restricted by Donor	43,338,780	37,884,356
Pledge Receivable, Net	8,999,782	6,614,828
Long-Term Investments	1,330,000	1,200,000
Funds Held in Trust	3,419,102	2,871,521
Total Assets	$ 57,936,966	$ 49,696,688
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 47,796	$ 175,763
Due to ACOMM, Net	16,914,226	10,627,594
Obligations under Charitable Gift Annuities	3,635,787	3,748,909
Total Liabilities	20,597,809	14,552,266
NET ASSETS		
With Donor Restrictions	37,339,157	35,144,422
Total Net Assets	37,339,157	35,144,422
Total Liabilities and Net Assets	$ 57,936,966	$ 49,696,688

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

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, BV, SH, Albright, and HCBS.

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023 and 2022:

	Useful Life	2023	2022
Land and Improvements	10 to 40 Years	$ 7,858,508	$ 7,613,909
Buildings and Improvements	10 to 40 Years	103,934,798	101,037,620
Furniture and Equipment	2 to 15 Years	17,562,070	15,491,091
Construction in Progress		23,569	757,580
Total		129,378,945	124,900,200
Less: Accumulated Depreciation		(75,152,045)	(68,753,251)
Property and Equipment, Net		$ 54,226,900	$ 56,146,949

Depreciation expense on property and equipment was $5,433,789 and $4,996,432 for the years ended December 31, 2023 and 2022.

NOTE 9 RELATED PARTY TRANSACTIONS

Due to ACOMM

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

- Deferred Service Fees – From time to time, service fees may be deferred by ACOMM to its affiliates in order to meet bond covenant requirements. These fees can be recouped by ACOMM in subsequent periods when financial performance warrants reducing or eliminating the deferral. The cumulative effect of these deferrals will be included in the affiliate intercompany account. For the years ended December 31, 2023 and 2022, respectively, there were $2,855,000 and $4,341,666 service fees deferred in order to maintain bond covenant compliance.

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

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

ACOMM is the conduit for all intercompany transactions; accordingly, due to and due from accounts from the affiliate point of view will always be either due to or due from ACOMM.

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

Service Fees

The Company received services from ACOMM under a service agreement at a cost of $4,910,736 and $1,703,973 in 2023 and 2022, respectively. Included in the services is an information technology fee. Service fees are charged on a pro rata basis to all the affiliates based upon total revenue. The payment of service fees to ACOMM is subordinate to all obligations of the Company under all of the Company's secured loan agreements.

Pharmacy Services

In 2021, the Company entered into a services agreement with Asbury Atlantic to provide pharmacy services for the benefit of the residents at the BV and SH campuses. The Company 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, 2023 and 2022 was $305,137 and $344,320, respectively.

In 2022, the Company entered into a services agreement with Asbury Atlantic to provide pharmacy services for the benefit of the residents at the AMV and AS campuses. The Company 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 years ended December 31, 2023 and 2022 was $1,072,168 and $653,240, respectively.

NOTE 10 LINE OF CREDIT

The Company has an unsecured $2,500,000 revolving demand line of credit with a financial institution that is renewable annually. The line of credit bears interest at the bank's prime rate plus 3.00% (11.50% and 6.25% as of December 31, 2023 and 2022, respectively). Borrowings on the line of credit totaled $-0- for both the years ended December 31, 2023 and 2022. The line of credit supports a letter of credit, in the amount of $500,000 as of December 31, 2023 and 2022 in connection with the Company's participation in the LIFE program.

NOTE 11 LONG-TERM DEBT

Long-term debt as of December 31, 2023 and 2022 consists of the following:

	Interest Rate	Maturity Dates	2023	2022
Master Notes Payable:				
PA Series 2014 Master Note	Variable Rate	2014-2040	$ 7,851,003	$ 8,161,015
PA Series 2018 Master Note	Variable Rate	2018-2035	10,449,000	11,603,000
Total			18,300,003	19,764,015
Unamortized Deferred Financing Costs			(232,927)	(278,093)
Current Master Note			(1,529,388)	(1,464,017)
Total Master Notes Payable			16,537,688	18,021,905
Other Long-Term Debt:				
Mortgage Note			3,098,006	3,174,329
Total			3,098,006	3,174,329
Current Portion Other Long-Term Debt			(79,195)	(76,323)
Total Other Long-Term Debt			3,018,811	3,098,006
Total Long-Term Debt			$ 19,556,499	$ 21,119,911

Series A 2018 Master Note

During the year ended December 31, 2018, Albright obtained a Series A 2018 tax exempt loan in the amount of $14,404,000 to provide for the current refunding of the Series A 2013 and Series A 1997 debt. The note is payable over a term of 17 years with interest at a variable rate based on 30-day SOFR plus a spread of 1.39%. Effective March 7, 2023, Albright executed an amendment to the loan documents that changed the interest rate reference from LIBOR to SOFR. The previous rate under LIBOR was equal to a variable rate of 79% of 30-day LIBOR plus 1.39%. The change was not considered a substantial modification to the contract. Albright entered into an interest rate swap agreement which fixed the interest rates at 4.235% (Note 12).

Series B 2018 Master Note

During the year ended December 31, 2018, Albright obtained a Series B 2018 taxable term loan in the amount of $1,503,000. The note is payable over a term of 7 years with interest at a variable rate based on 30-day SOFR plus a spread of 1.65%. Effective February 22, 2023, Albright executed an amendment to the loan documents that changed the interest rate reference from LIBOR to SOFR. The previous rate under LIBOR was equal to a variable rate of 79% of 30-day LIBOR plus 1.65%. The change was not considered a substantial modification to the contract.

Series A 2014 Master Note

During the year ended December 31, 2014, Albright obtained a Series A 2014 Master Note with the maximum borrowing amount of $10,000,000 to provide financing to support the approved capital projects of Albright. The note is payable over a term of 25 years with interest at a variable rate based on 30-day SOFR plus a spread of 2.70%.

NOTE 11 LONG-TERM DEBT (CONTINUED)

Series A 2014 Master Note (Continued)

Effective March 7, 2023, Albright executed an amendment to the loan documents that changed the interest rate reference from LIBOR to SOFR. The previous rate under LIBOR was equal to a variable rate of 30-day LIBOR plus 2.70%, times 68%. The change was not considered a substantial modification to the contract. Albright entered into an interest rate swap agreement which fixed the interest rate at 4.15% (Note 12).

Mortgage Note

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

Paycheck Protection Program

During the year ended December 31, 2020, the Company received proceeds in the amount of $4,138,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). During the year ended December 31, 2021, the Company received a letter from the SBA that the full balance of the PPP Loan had been forgiven. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company s’ consolidated financial statements.

Affiliation Loan

As part of the affiliation with ACOMM, ACOMM made a commitment to make $2,000,000 available per year to the Company in support of mutually agreed upon projects which may include new construction, renovation, business line expansion and service enhancement over a five-year period. For both the years ended December 31, 2023 and 2022, $2,000,000 was treated as a transfer of capital on the consolidated statements of changes in net assets.

Deferred Financing Costs

Costs incurred in relation to the issuance of long-term debt are deferred and amortized over the life of the debt using the straight-line method, which does not differ significantly from the effective interest method of amortization. The amortization of deferred financing costs is included in interest expense and totaled $50,172 and $48,923 for the years ended December 31, 2023 and 2022, respectively. Deferred financing fees have been netted against long-term debt in accordance with authoritative guidance.

NOTE 11 LONG-TERM DEBT (CONTINUED)

Liens and Covenants

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

The Company is subject to various covenants under the loan agreements. As of December 31, 2023 and 2022, management is not aware of any noncompliance with these covenants.

Debt Maturities

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

Year Ending December 31,	Amount
2024	$ 1,608,583
2025	1,569,321
2026	1,480,877
2027	1,270,169
2028	1,185,466
Thereafter	14,283,593
Total	$ 21,398,009

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2023 and 2022, the Company has two interest rate swap agreements which are considered derivative financial instruments with a financial institution. The Company entered into interest rate swap agreements to hedge variable interest rates on the Series 2014 Master Note and the Series 2018 Master Note, on December 15, 2015, and October 4, 2018, respectively, but elected not to elect hedge accounting for these arrangements.

During 2023, the Company executed amendments to the swap agreements that changed the interest rate references from LIBOR to SOFR. These changes were not considered substantial modifications to the contracts.

The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are contracts to exchange variable rate for fixed rate payments over the term of the swap agreements without the exchange of the underlying notional amounts. The notional amounts of the swap agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to credit loss.

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to credit loss is limited to the receivable, if any, which may be generated as a result of the swap agreements. Management believes losses related to credit risk are remote. The net cash paid or received under the swap agreements are recognized as adjustments to interest expense. The Company does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

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

	Series 2014	Series 2018	Total
Notional Amount - December 31, 2023	$ 7,851,003	$ 1,251,000	
Trade Date	12/18/2014	10/4/2018	
Effective Date	12/15/2015	10/4/2018	
Termination or Cancellation Date	12/15/2040	10/4/2025	
Fixed Rate	4.150%	4.235%	
Fair Value at December 31, 2021	$ (436,818)	$ (87,849)	$ (524,667)
Unrealized Gain	784,977	114,166	899,143
Fair Value at December 31, 2022	348,159	26,317	374,476
Unrealized Loss	(75,868)	(9,566)	(85,434)
Fair Value at December 31, 2023	$ 272,291	$ 16,751	$ 289,042

The Company has included the fair market value of these derivative instruments as an asset of $289,042 and $374,476 as of December 31, 2023 and 2022, respectively, in the accompanying consolidated balance sheets. Within income from operations, The Company recorded a net unrealized gain (loss) on derivative instruments of ($85,434) and $899,143 in 2023 and 2022, respectively.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 and 2022 are subject to the following purpose or time restrictions:

	2023	2022
Restricted for the Following Purposes:		
Split-Interest Obligations	$ 158,076	$ 122,478
Funds Available for Building Construction, Income Unrestricted	14,234	14,143
Beneficial Interest in Net Assets of Asbury Foundation, Inc.	372,168	247,130
Other Specific Purposes	2,091,951	2,121,304
Investments to be Held in Perpetuity:		
Perpetual Trusts	4,157,749	3,440,049
Spriggle Endowment	1,093,654	1,086,651
Moyer Endowment	639,725	635,629
Slifer House Museum Collection of Art	528,135	528,135
Audrey Rehm Magee Endowment	200,795	199,509
Stauffer Endowment	83,268	82,735
Split-Interest Obligations	141,057	118,112
Beneficial Interest in Net Assets of Asbury Foundation, Inc.	1,422,028	1,390,859
Total Net Assets With Donor Restrictions	$ 10,902,840	$ 9,986,734

The Company's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

A summary of the net assets with donor restrictions that are to be held in perpetuity for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Endowment Fund - Beginning of Year	$ 7,481,678	$ 7,114,663
Net Investment Income	759,074	(504,348)
Change in Value of Deferred-Giving Arrangement	(5,510)	6,964
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	31,169	864,399
Endowment Fund - End of Year	$ 8,266,411	$ 7,481,678

NOTE 14 RETIREMENT PLAN

Effective January 1, 2022, the Company began participating in ACOMM's defined-contribution plan (the Plan) under IRC Section 401(k). All full-time employees of Albright are eligible to participate in the Plan. As of December 31, 2023 and 2022, employees may elect to defer up to $22,500 and $20,500, respectively, of their base salary, subject to certain limitations. The employer match was previously 100% of the employee contributions up to 4% and 50% on the next 2% of contributions for each eligible employee. Beginning in May 2023, the employer match is 100% of the employee contributions up to 3% and 50% on the next 1% of contributions for each eligible employee. Employer's contribution expense under this Plan were $583,358 and $549,009 for the years ended December 31, 2023 and 2022, respectively.

NOTE 15 COMMITMENTS AND CONTINGENCIES

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. The primary general and professional liability coverage has a limit of $1,000,000 per occurrence and a $3,000,000 annual aggregate. The excess general and professional liability coverage has a limit of $10,000,000 per claim and a $30,000,000 annual aggregate. This policy has been renewed through December 31, 2024.

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 February 2024, CCrRRG was affirmed as a rating of "A (Excellent)" for its financial strength with a stable outlook by A.M. Best Co., one of the leading rating agencies.

ACOMM executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2023, ACOMM's capital contributions were $560,508 which represents 2.09% 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 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.

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments

The Company leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2040. 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 regarding the Company's leases.

	2023	2022
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	$ 144,541	$ 29,445
Interest on Lease Liabilities	10,357	1,838
Operating Lease Cost	1,514,181	1,529,030
Total Lease Cost	$ 1,669,079	$ 1,560,313
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	$ 10,357	$ 1,838
Operating Cash Flows from Operating Leases	1,514,181	1,529,030
Financing Cash Flows from Finance Leases	129,468	52,121
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	166,380	197,282
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	7,170,957	24,026
Weighted-Average Remaining Lease Term - Finance Leases	3.41 Years	3.26 Years
Weighted-Average Remaining Lease Term - Operating Leases	11.81 Years	6.71 Years

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2024	$ 1,291,426	$ 148,101
2025	1,208,120	125,061
2026	1,202,136	112,143
2027	1,219,157	55,987
2028	1,189,328	7,978
Thereafter	6,985,647	-
Total	13,095,814	449,270
Less: Interest Expense	(2,176,482)	(14,552)
Amounts Recognized in the Consolidated Balance Sheets	$ 10,919,332	$ 434,718

NOTE 16 FUNCTIONAL EXPENSES

The Company provides continuing and long-term care for seniors. Expenses related to providing these services are as follows for the years ended December 31:

	2023		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	$ 23,825,982	$ -	$ 23,825,982
Employee Benefits	6,054,707	-	6,054,707
Contract Labor	4,127,658	-	4,127,658
Food Purchases	1,422,934	-	1,422,934
Medical Supplies and Other Resident Costs	16,827,255	-	16,827,255
General and Administrative	-	1,893,020	1,893,020
Building and Maintenance	6,904,204	-	6,904,204
Professional Fees and Insurance	713,405	-	713,405
Interest	1,433,156	-	1,433,156
Taxes	208,026	-	208,026
Provision for Credit Losses	407,161	-	407,161
Depreciation and Amortization	5,765,443	-	5,765,443
Service and Other Fees	-	5,107,083	5,107,083
Total Functional Expenses	$ 67,689,931	$ 7,000,103	$ 74,690,034

	2022		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	$ 21,019,287	$ -	$ 21,019,287
Employee Benefits	4,696,961	-	4,696,961
Contract Labor	6,621,005	-	6,621,005
Food Purchases	1,314,778	-	1,314,778
Medical Supplies and Other Resident Costs	15,489,688	-	15,489,688
General and Administrative	-	1,486,189	1,486,189
Building and Maintenance	6,500,414	-	6,500,414
Professional Fees and Insurance	650,992	-	650,992
Interest	953,918	-	953,918
Taxes	246,865	-	246,865
Provision for Credit Losses	12,304	-	12,304
Depreciation and Amortization	5,025,877	-	5,025,877
Service and Other Fees	-	1,855,153	1,855,153
Total Functional Expenses	$ 62,532,089	$ 3,341,342	$ 65,873,431

Included in management and general expenses are service 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.

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

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

	Fair Value as of December 31, 2023			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Short-Term Investments	$ 3,178,242	$ -	$ -	$ 3,178,242
Fixed Income Mutual Funds	6,714,255	-	-	6,714,255
Equity Mutual Funds	9,572,860	-	-	9,572,860
Derivative Instruments	-	289,042	-	289,042
Subtotal	19,465,357	289,042	-	19,754,399
Funds Held in Trust	-	-	4,242,719	4,242,719
Investments Measured at Fair Value Using Net Asset Value Per Share	-	-	-	2,064,449
Total Assets	$ 19,465,357	$ 289,042	$ 4,242,719	$ 26,061,567
Liabilities:				
Obligation Under Deferred-Giving Arrangements	$ -	$ 128,441	$ -	$ 128,441

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Fair Value as of December 31, 2022			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Short-Term Investments	$ 2,864,457	$ -	$ -	$ 2,864,457
Fixed Income Mutual Funds	6,074,474	-	-	6,074,474
Equity Mutual Funds	7,793,104	-	-	7,793,104
Derivative Instruments	-	374,476	-	374,476
Subtotal	16,732,035	374,476	-	17,106,511
Funds Held in Trust	-	-	3,872,269	3,872,269
Investments Measured at Fair Value Using Net Asset Value Per Share	-	-	-	2,297,949
Total Assets	$ 16,732,035	$ 374,476	$ 3,872,269	$ 23,276,729
Liabilities:				
Obligation Under Deferred-Giving Arrangements	$ -	$ 138,220	$ -	$ 138,220

The Company has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity’s measurement date as the fair value of the investment. A listing of the investments held by the Company and their attributes that may qualify for these valuations consist of the following as of December 31, 2023:

Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency*	Redemption Notice Period
Pomona Investment Fund	$ 310,166	$ -	Quarterly	20 business days
Ironwood Institutional Multi-Strategy Fund	316,139	-	Semi-Annually (June 30 and Dec 31)	95 calendar days
Partners Group	537,955	-	Quarterly	20 business days
Blue Owl Credit Income Corp.	124,449	-	Quarterly	20 business days
FS Credit Real Estate Income Trust	121,915	-	Monthly	7 days prior to month-end
Blackstone Real Estate Income Trust, Inc.	380,235	-	Monthly	7 days prior to month-end
Nuveen Global Cities	273,590	-	Monthly	7 days prior to month-end
Total	$ 2,064,449			

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

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	2023		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	$ 4,242,719	FMV of Trust Investments	Term of Distributions

	2022		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	$ 3,872,269	FMV of Trust Investments	Term of Distributions

There were no purchases, sales or transfers for the years ended December 31, 2023 and 2022 related to the beneficial interest in perpetual trusts.

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Fund Development	Total Albright Care Services	Warrior Run Manor, Inc.	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	$ 7,052,735	$ 212,432	$ 1,200	$ 600	$ -	$ 7,266,967	$ 116,827	(42,010)	$ 7,341,784
Investments	-	-	-	-	13,254,449	13,254,449	-	-	13,254,449
Accounts Receivable	1,311,832	1,222,659	834,055	482,531	-	3,851,077	-	-	3,851,077
Allowance for Credit Losses	(118,296)	(292,971)	(247,932)	(39,264)	-	(698,463)	-	-	(698,463)
Other Receivables and Prepaid Expenses	383,823	203,890	299,658	1,091,480	-	1,978,851	34,269	(57,600)	1,955,520
Total Current Assets	8,630,094	1,346,010	886,981	1,535,347	13,254,449	25,652,881	151,096	(99,610)	25,704,367
Due from ACOMM. Net	-	10,667,647	-	4,435,128	-	15,102,775		(15,102,775)	-
Property and Equipment, Net	27,797,878	22,962,225	1,756,742	897,331	-	53,414,176	812,724	-	54,226,900
Right-Of-Use Assets - Operating Leases	36,253	25,575	10,632,170	395	-	10,694,393	-	-	10,694,393
Right-Of-Use Assets - Finance Leases	74,488	29,859	37,147	299,780	-	441,274	1,047	-	442,321
Investments Restricted By Donors	-	-	-	-	5,412,474	5,412,474	-	-	5,412,474
Investments Held Under Bond Indenture	-	-	-	-	-	-	723,825	-	723,825
Deposits and Other Assets	300,995	12,740	151,511	-	-	465,246	25,249	-	490,495
Intangible Assets	-	-	1,160,099	-	-	1,160,099	-	-	1,160,099
Statutory Reserves	-	-	-	-	2,139,058	2,139,058	-	-	2,139,058
Funds Held In Trust	-	-	-	-	4,242,719	4,242,719	-	-	4,242,719
Beneficial Interest in Net Assets of Foundation	93,453	1,597,142	-	-	103,601	1,794,196	-	-	1,794,196
Valuation of Derivative Instruments	185,527	103,515	-	-	-	289,042	-	-	289,042
Total Assets	$ 37,118,688	$ 36,744,713	$ 14,624,650	$ 7,167,981	$ 25,152,301	$ 120,808,333	$ 1,713,941	$ (15,202,385)	$ 107,319,889

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Fund Development	Total Albright Care Services	Warrior Run Manor, Inc.	Eliminations	Total
LIABILITIES AND NET ASSETS (DEFICIT)									
CURRENT LIABILITIES									
Accounts Payable and Accrued Expenses	$ 428,073	$ 190,653	$ 563,288	$ 13,530	$ -	$ 1,195,544	98,597	(57,600)	$ 1,236,541
Accrued Compensation and Related Items	267,347	-	-	-	-	267,347	-	-	267,347
Accrued Interest Payable	28,085	37,277	-	-	-	65,362	9,552	-	74,914
Obligation Under Deferred-Giving Arrangements	-	-	-	-	37,106	37,106	-	-	37,106
Deposits From Prospective Residents and Other Deposits	159,600	245,786	-	-	-	405,386	-	-	405,386
Entrance Fees - Refundable	707,600	58,523	-	-	-	766,123	-	-	766,123
Deferred Revenue	747,667	244,631	-	1,092	-	993,390	-	-	993,390
Reserve for LIFE Program	-	-	3,454,003	-	-	3,454,003	-	-	3,454,003
Current Portion of Lease Liabilities - Operating Leases	21,987	23,161	936,420	395	-	981,963	-	-	981,963
Current Portion of Lease Liabilities - Finance Leases	29,703	7,235	8,989	94,701	-	140,628	254	-	140,882
Current Maturities of Long-Term Debt	770,053	759,335	-	-	-	1,529,388	79,195	-	1,608,583
Total Current Liabilities	3,160,115	1,566,601	4,962,700	109,718	37,106	9,836,240	187,598	(57,600)	9,966,238
Due to ACOMM, Net	21,876,638	-	6,869,294	-	7,497,446	36,243,378	-	(15,144,785)	21,098,593
Long-Term Lease Liabilities - Operating Leases	14,266	2,414	9,920,689	-	-	9,937,369	-	-	9,937,369
Long-Term Lease Liabilities - Finance Leases	23,815	24,864	30,513	213,772	-	292,964	872	-	293,836
Long-Term Debt, Net of Current	8,033,911	8,579,830	-	-	-	16,613,741	2,942,758	-	19,556,499
Contingent Refundable Entrance Fee Liability	3,584,091	1,527,416	-	-	-	5,111,507	-	-	5,111,507
Entrance Fees - Deferred Revenue	10,061,948	12,382,609	-	-	-	22,444,557	-	-	22,444,557
Obligations Under Deferred-Giving Arrangements	-	-	-	-	91,335	91,335	-	-	91,335
Total Liabilities	46,754,784	24,083,734	21,783,196	323,490	7,625,887	100,571,091	3,131,228	(15,202,385)	88,499,934
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(10,257,684)	11,063,837	(7,158,546)	6,844,491	8,842,304	9,334,402	(1,417,287)	-	7,917,115
With Donor Restrictions	621,588	1,597,142	-	-	8,684,110	10,902,840	-	-	10,902,840
Total Net Assets (Deficit)	(9,636,096)	12,660,979	(7,158,546)	6,844,491	17,526,414	20,237,242	(1,417,287)	-	18,819,955
Total Liabilities and Net Assets (Deficit)	$ 37,118,688	$ 36,744,713	$ 14,624,650	$ 7,167,981	$ 25,152,301	$ 120,808,333	$ 1,713,941	$ (15,202,385)	$ 107,319,889

ALBRIGHT CARE SERVICES AND AFFILIATE
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions								
	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Fund Development	Total Albright Care Services	Warrior Run Manor, Inc.	Eliminations	Consolidated
REVENUE, GAINS, AND OTHER SUPPORT									
Resident and Client Services Revenue	$ 15,989,156	$ 14,105,421	$ 22,866,327	$ 9,454,164	$ (103,523)	$ 62,311,545	$ -	$ (3,842,826)	$ 58,468,719
Other Operating Revenue	2,923,783	1,346,791	222,092	96,289	-	4,588,955	751,767	(217,146)	5,123,576
Amortization of Entrance Fees	1,900,181	1,694,532	-	-	-	3,594,713	-	-	3,594,713
Interest and Dividend Income, Net	5,316	86,885	27,635	32,783	306,025	458,644	284	-	458,928
Net Realized Losses on Investments	-	-	-	-	(686,411)	(686,411)	-	-	(686,411)
Net Unrealized Gain on Equity Security Investments	-	-	-	-	1,823,490	1,823,490	-	-	1,823,490
Allocations from Asbury Foundation, Inc.	480,204	62,917	-	-	-	543,121	-	(12,905)	530,216
Total Revenues, Gains, and Other Support	21,298,640	17,296,546	23,116,054	9,583,236	1,339,581	72,634,057	752,051	(4,072,877)	69,313,231
EXPENSES									
Salaries	8,972,351	6,495,216	6,537,378	1,819,237	-	23,824,182	147,189	(145,389)	23,825,982
Employee Benefits	2,097,573	1,794,123	1,664,995	498,016	-	6,054,707	19,537	(19,537)	6,054,707
Contract Labor	2,396,660	1,661,049	63,587	6,362	-	4,127,658	-	-	4,127,658
Food Purchases	671,924	612,872	138,138	-	-	1,422,934	-	-	1,422,934
Medical Supplies and Other Resident Costs	1,394,370	1,029,705	11,567,786	6,678,220	-	20,670,081	-	(3,842,826)	16,827,255
General and Administrative	533,807	301,377	834,658	200,014	-	1,869,856	75,384	(52,220)	1,893,020
Building and Maintenance	2,352,015	1,816,768	2,323,260	227,064	-	6,719,107	185,097	-	6,904,204
Professional Fees and Property Insurance	243,794	195,209	142,212	95,873	-	677,088	36,317	-	713,405
Interest	620,246	534,788	84,088	7,297	53,743	1,300,162	132,994	-	1,433,156
Taxes	88,869	86,120	33,037	-	-	208,026	-	-	208,026
Provision for (Recovery of) Credit Losses	2,344	221,063	187,296	(3,542)	-	407,161	-	-	407,161
Depreciation and Amortization	2,469,829	2,328,620	573,874	201,686	-	5,574,009	191,434	-	5,765,443
Service and Other Fees	1,440,650	1,160,429	1,877,816	628,188	-	5,107,083	-	-	5,107,083
Allocations to Asbury Foundation, Inc.	-	-		-	12,905	12,905	-	(12,905)	-
Total Expenses	23,284,432	18,237,339	26,028,125	10,358,415	66,648	77,974,959	787,952	(4,072,877)	74,690,034
INCOME (LOSS) FROM OPERATIONS PRIOR TO LOSS ON DISPOSAL OF ASSETS AND UNREALIZED LOSS ON DERIVATIVE FINANCIAL INSTRUMENTS	(1,985,792)	(940,793)	(2,912,071)	(775,179)	1,272,933	(5,340,902)	(35,901)	-	(5,376,803)
Loss on Disposal of Assets	(81,266)	(424,529)	-	-	-	(505,795)	-	-	(505,795)
Unrealized Loss on Derivative Financial Instruments	(53,164)	(32,270)	-	-	-	(85,434)	-	-	(85,434)
Total Nonoperating Loss	(134,430)	(456,799)	-	-	-	(591,229)	-	-	(591,229)
GAIN (LOSS) FROM OPERATIONS	(2,120,222)	(1,397,592)	(2,912,071)	(775,179)	1,272,933	(5,932,131)	(35,901)	-	(5,968,032)
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
Change in Value of Deferred-Giving Arrangements	-	-	-	-	(19,767)	(19,767)	-	-	(19,767)
Net Unrealized Gain on Fixed Income Securities and Other Investments	-	-	-	-	604,915	604,915	-	-	604,915
Transfer of Capital	1,600,000	400,000	-	-	-	2,000,000	-	-	2,000,000
Net Assets Released from Restrictions Used for Purchase of Capital Items	-	-	-	-	-	-	-	-	-
Total Other Changes in Net Assets Without Donor Restrictions	1,600,000	400,000	-	-	585,148	2,585,148	-	-	2,585,148
INCREASE (DECREASE) IN NET ASSETS	$ (520,222)	$ (997,592)	$ (2,912,071)	$ (775,179)	$ 1,858,081	$ (3,346,983)	$ (35,901)	$ -	$ (3,382,884)