

**ASBURY LIVING, INC. AND
ALBRIGHT CARE SERVICES
OBLIGATED GROUP**

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



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**ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
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YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITORS' REPORT

Audit Committee
Asbury Living, Inc. and Albright Care Services Obligated Group
Frederick, Maryland

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Asbury Living, Inc. and Albright Care Services Obligated Group (the Obligated Group) which, comprise the combined balance sheet as of December 31, 2025, and the related combined statement of operations and changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements.

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

Basis for Opinion

We conducted our audit 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 Combined Financial Statements section of our report. We are required to be independent of the Obligated Group and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audits 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 the Obligated Group'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Obligated Group'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 combined financial statements as a whole. The information as listed under "Supplementary Information" on the table of contents is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.



CliftonLarsonAllen LLP

Timonium, Maryland
April 16, 2026

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINED BALANCE SHEET
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 5,394,480
Investments	14,356,513
Accounts Receivable	1,742,849
Allowance for Credit Losses	(507,204)
Other Receivables and Prepaid Expenses	1,874,101
Total Current Assets	<u>22,860,739</u>

PROPERTY AND EQUIPMENT

Property, Plant, and Equipment, Net	60,195,322
Right-of-Use Assets - Operating Leases, Net	101,040
Right-of-Use Assets - Finance Leases, Net	37,774
Investments Restricted by Donors	4,788,265
Deposits and Other Assets	53,958
Statutory Reserves	1,588,412
Funds Held in Trust	4,961,203
Beneficial Interest in Net Assets of the Asbury Foundation, Inc.	<u>2,530,973</u>

Total Assets \$ 97,117,686

See accompanying Notes to Combined Financial Statements.

**ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINED BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	727,157
Accrued Compensation and Related Items		40,751
Accrued Interest Payable		104,215
Obligations under Deferred-Giving Arrangements		13,336
Deposits from Prospective Residents		800,270
Entrance Fees - Refundable		459,148
Deferred Revenue		102,451
Current Portion of Lease Liabilities - Operating Leases		29,706
Current Portion of Lease Liabilities - Finance Leases		16,691
Current Portion of Long-Term Debt		940,134
Total Current Liabilities		3,233,859

LONG-TERM LIABILITIES

Due to ACOMM, Net		15,162,857
Long-Term Lease Liabilities - Operating Leases, Net of Current		71,334
Long-Term Lease Liabilities - Finance Leases, Net of Current		23,777
Long-Term Debt, Net of Current		27,884,764
Contingent Refundable Entrance Fee Liability		3,991,518
Entrance Fees - Deferred Revenue		26,400,066
Obligations under Deferred-Giving Arrangements		60,450
Valuation of Derivative Instrument		53,490
		76,882,115

Total Liabilities 76,882,115

NET ASSETS

Without Donor Restrictions		9,274,170
With Donor Restrictions		10,961,401
Total Net Assets		20,235,571

Total Liabilities and Net Assets \$ 97,117,686

See accompanying Notes to Combined Financial Statements.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINED STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED DECEMBER 31, 2025

REVENUES, GAINS, AND OTHER SUPPORT

Net Resident Services Revenue	\$ 31,168,713
Other Operating Revenue	1,026,247
Amortization of Entrance Fees	3,679,791
Interest and Dividend Income, Net	1,127,012
Net Realized Gain on Investments	310,087
Net Unrealized Gain on Equity Security Investments	1,594,542
Net Assets Released from Restrictions Used for Operations	1,643,334
Allocations from Asbury Foundation, Inc.	743,744
Total Revenues, Gains, and Other Support	41,293,470

EXPENSES

Salaries	13,080,499
Employee Benefits	2,809,374
Contract Labor	2,175,468
Food Purchases	1,615,364
Medical Supplies and Other Resident Costs	1,662,907
General and Administrative	845,007
Building and Maintenance	4,116,728
Professional Fees and Insurance	477,056
Interest	2,803,887
Taxes	998,378
Provision for Credit Losses	36,523
Depreciation and Amortization	5,979,801
Service and Other Fees	2,704,361
Total Expenses	39,305,353

**INCOME FROM OPERATIONS PRIOR TO LOSS ON DISPOSAL
OF ASSETS, LOSS ON DISCONTINUED OPERATIONS,
LOSS ON DEBT REFINANCING, AND UNREALIZED LOSS ON
DERIVATIVE FINANCIAL INSTRUMENTS**

1,988,117

Loss on Disposal of Assets	(23,569)
Loss on Discontinued Operations	(398,920)
Loss on Debt Refinancing	(999,435)
Unrealized Loss on Derivative Financial Instruments	(169,457)
Total Nonoperating Loss	(1,591,381)

INCOME FROM OPERATIONS

\$ 396,736

See accompanying Notes to Combined Financial Statements.

**ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
 COMBINED STATEMENT OF OPERATIONS AND
 CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
 YEAR ENDED DECEMBER 31, 2025**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Income from Operations	\$	396,736
Change in Value of Deferred-Giving Arrangements		(51,694)
Net Unrealized Gain on Fixed Income Securities and Other Investments		677,984
Net Assets Released from Restrictions Used for Purchase of Capital Items		10,685
Net Increase in Net Assets Without Donor Restrictions		1,033,711

NET ASSETS WITH DONOR RESTRICTIONS

Investment Income, Net		829,764
Change in Value of Deferred-Giving Arrangements		(21,470)
Change in Beneficial Interest in Net Assets of Foundation		109,741
Net Assets Released from Restrictions Used for Operations		(1,643,334)
Net Assets Released from Restrictions Used for Purchase of Capital Items		(10,685)
Net Decrease in Net Assets With Donor Restrictions		(735,984)

CHANGE IN NET ASSETS

297,727

Net Assets - Beginning of Year

19,937,844

NET ASSETS - END OF YEAR

\$ 20,235,571

See accompanying Notes to Combined Financial Statements.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$	297,727
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Provision for Credit Losses		36,523
Depreciation and Amortization		5,945,934
Amortization of Right-of-Use Asset		33,867
Amortization of Deferred Financing Costs		422,056
Amortization of Entrance Fees		(3,679,791)
Net Proceeds from Nonrefundable Entrance and Advance Fees		7,256,530
Net Unrealized Gain on Investments		(2,272,526)
Net Realized Gain on Investments		(310,087)
Loss on Disposal of Assets		23,569
Loss on Retirement of Debt		999,435
Loss on Discontinued Operations		398,920
Changes in Beneficial Interest in Net Assets of Foundation		(99,056)
Changes in Funds Held in Trust		(352,182)
Changes in Value of Obligations Under Charitable Gift Annuities		73,164
Net Unrealized Loss on Change in Market Value of Derivative Instrument		169,457
Changes in Assets and Liabilities:		
Accounts Receivable		207,524
Other Receivables and Prepaid Expenses		(1,257,419)
Deferred Entrance Fees		597,880
Deposits and Other Assets		302,487
Deferred Revenue		98,643
Accounts Payable and Accrued Expenses		(534,767)
Accrued Interest Payable		(440,135)
Net Cash Provided by Operating Activities		7,917,753

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment, Net		(3,755,818)
Purchases of Investments		(5,352,194)
Sales of Investments		10,492,277
Net Cash Provided by Investing Activities		1,384,265

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits		940,300
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits		(2,481,301)
Proceeds from Issuance of Debt		29,704,476
Payments on Long-Term Debt		(873,658)
Retirement of Long-Term Debt		(29,431,737)
Refund of Cash Premium		(204,050)
Payments for Deferred Financing Costs		(736,458)
Payments on Finance Leases		(16,360)
Change in Due to ACOMM, Net		(8,815,134)
Payments on Obligations under Charitable Gift Annuities		(18,181)
Net Cash Provided (Used) by Financing Activities		(11,932,103)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

RESTRICTED CASH (2,630,085)

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year 9,612,977

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR **\$ 6,982,892**

See accompanying Notes to Combined Financial Statements.

**ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	<u>\$ 2,306,456</u>
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**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING
AND FINANCING ACTIVITIES**

Right-of-Use Asset Received in Exchange for Operating Leases	<u>\$ 93,299</u>
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Right-of-Use Asset Received in Exchange for Finance Leases	<u>\$ 11,015</u>
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See accompanying Notes to Combined Financial Statements.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 ORGANIZATION

The Asbury Living, Inc. and Albright Care Services Obligated Group (the Obligated Group) consists of Asbury Communities, Inc. (Asbury Living) and Albright Care Services (Albright).

Asbury Living is a nonprofit corporation that operates two senior living communities, Grace Park (GP) located in Stroudsburg, Pennsylvania and Ivy Gables (IG) located in Wilmington, Delaware, that provides housing, healthcare, and other related services to residents through the operation of personal care facilities and residential living units. Asbury Living was formed by Asbury Communities, Inc. (ACOMM), a Maryland nonprofit organization that provides executive and comprehensive administrative functions, as well as policy and overall planning guidance, to its supported organizations. ACOMM is the sole member of Asbury Living.

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 (until the transfer on January 1, 2025), Cumberland County, and Franklin County, Pennsylvania. Albright Pharmacy and Albright LIFE are not included in the collateral package of the Obligated Group; therefore, their activity is not included in these combined financial statements of the Obligated Group. Albright became an affiliate of ACOMM by ACOMM serving as the supporting organization of Albright. Previously, Albright Fund Development (Fund Development) promoted charitable giving to provide additional resources to help fund charitable programs of Albright.

ACOMM serves as the supporting organization of Asbury Atlantic, Inc. (Asbury Atlantic); Asbury Communities HCBS, Inc. (HCBS); Bethany Development Corporation (BDC); Albright; and Asbury Living. Asbury Atlantic has operating affiliates comprised of Asbury Methodist Village (AMV), Asbury Solomons, Inc. (AS), Bethany Village (BV), Springhill (SH), and Asbury Chandler Estate, LLC (CE). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

Principles of Combination

Asbury Living and Albright are members of an obligated group acting as co-obligors on certain long-term debt. The accompanying combined financial statements include the accounts of GP, IG, RW, NR, and Fund Development (collectively, the Obligated Group). All significant intercompany transactions have been eliminated in the combined financial statements.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Cash, Cash Equivalents and Restricted Cash

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

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the combined balance sheet that equal the same such amounts shown in the combined statement of cash flows at December 31, 2025:

Cash	\$ 5,394,480
Restricted Cash Included in Statutory Reserves	<u>1,588,412</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Combined Statements of Cash Flows	<u><u>\$ 6,982,892</u></u>

Accounts Receivable and Allowance for Credit Losses

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

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

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

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 25% of total resident and client services revenues for the year ended December 31, 2025.

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

	Accounts Receivable, Net
Balance as of January 1, 2025	\$ 1,590,232
Balance as of December 31, 2025	1,235,645

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2025, the allowance for estimate of expected credit losses was \$507,204.

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

Balance, Beginning of Year	\$ 638,877
Provision for Losses	87,400
Amounts Written Off	(224,123)
Recoveries	5,050
Balance, End of Year	\$ 507,204

Intangible Assets

Asbury Living recorded \$1,100,710 of intangible assets from the purchase of Grace Park and Ivy Gables for in-place leases at the time of purchase. Intangible assets are recorded at their estimated fair market value. Those intangible assets subject to amortization are amortized using the straight-line method over the estimated useful lives of the intangible assets from the date of acquisition, which is 18 months. Amortization of intangible assets was \$366,903 for the year ended December 31, 2025. As of December 31, 2025, intangible assets are fully amortized.

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 the ACOMM board with guidance from external investment advisors.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

If market quotations are not readily available for a security or if subsequent events suggest that a market quotation is not reliable, the funds will use the security's fair value, using consistently applied procedures established by and under the general supervision of the funds' manager. This generally means that 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 combined balance sheet. 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.

As the need arises, the Obligated Group 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 Obligated Group 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 combined statement of operations and changes in net assets.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

The investment policy of the Obligated Group 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 Obligated Group 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 Obligated Group 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 Obligated Group believes that this investment strategy meets the Obligated Group'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 Obligated Group continues to meet its objectives, the Obligated Group has established rebalancing guidelines and established mechanisms for ongoing monitoring of performance and risk.

Derivatives Policy – Debt

The Obligated Group 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 combined balance sheet date. The Obligated Group has determined that, for continuing operations, the Obligated Group'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 Obligated Group's performance indicator, income from operations.

Leases

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

ROU assets represent the Obligated Group's right to use an underlying asset for the lease term and lease liabilities represent the Obligated Group'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 Obligated Group will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Obligated Group 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 Obligated Group 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 Obligated Group reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during 2025.

Advertising Expenses

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the combined statement of operations and changes in net deficit. Advertising expense was \$177,087 for the year ended December 31, 2025.

Deposits from Prospective Residents

Prior to occupancy, Asbury Living residents must pay a security deposit which shall be retained by Asbury Living throughout the term of occupancy. The security deposit is refundable to the resident after the resident vacates the unit. A portion or all of the security deposit may be retained to fix any damages or unpaid fees. Interest earned on the deposits belongs to Asbury Living.

Albright collects deposits from prospective residents which 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 Albright.

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held In Trust

Albright has received as contributions various types of split-interest obligations, including perpetual trusts. Under the perpetual trust agreements, Albright 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 Albright is recorded as investment income on the combined statements of operations, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as net investment income within net assets with donor restrictions.

Obligations Under Deferred-Giving Arrangements

Under the charitable gift annuity agreements, Albright 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 Albright to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as net assets without donor restrictions or net assets with donor restrictions. Subsequent changes in the valuation of charitable gift annuities are recorded as a change in value deferred giving arrangements within net assets without donor restrictions and net assets with donor restrictions.

Beneficial Interest in Net Assets of Foundation

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

Continuing Care Contracts

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

Resident Services Revenue

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

Generally, the Obligated Group bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

Performance obligations are determined based on the nature of the services provided by the Obligated Group. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Obligated Group 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 Obligated Group measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and the Obligated Group does not believe it is required to provide additional goods or services related to that sale.

The Obligated Group 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 Obligated Group's policy and/or implicit price concessions provided to residents. The Obligated Group determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Obligated Group determines its estimate of implicit price concessions based on its historical collection experience.

Currently, Albright residents have three entrance plan options available, a fifty percent (50%) refundable entrance fee, a standard entrance fee (SEF) which amortizes over a fifty (50) month period, and a nonrefundable entrance fee. The 50% refundable option has a guaranteed refund component, which is 50% of the entrance fee paid. Previously, a one hundred percent (100%) refundable, a ninety percent (90%) refundable, a SEF that amortized over five (5) years, and a SEF that amortized over seven (7) years options were offered.

Under the current SEF, that amortizes over fifty months, the refund balance declines 2% per month over the fifty-month period. Under the prior SEF that amortizes over five years, the refund balance declines 1.667% per month over the five-year period. Under the prior SEF that amortizes over seven years, the refund balance declines 1.19% per month over the seven-year period. After the fifty-month, five-year, and seven-year periods, the refund is fully amortized and there is no refundable portion.

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).

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The refund component of entrance fees received is not amortized into income and is classified as contingent refundable entrance fee liability on the accompanying combined balance sheet. The nonrefundable fees received after being contractually earned by Albright is amortized into income using the straight-line method over the estimated remaining life expectancies of the residents and is classified as entrance fees – deferred revenue on the accompanying combined balance sheet. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancies of the residents.

The gross amount of refund obligations are 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 was earlier.

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

	Deferred Revenue from Entrance Fees
Balance as of January 1, 2025	\$ 28,464,435
Balance as of December 31, 2025	30,850,732

A summary of net entrance fees is as follows at December 31, 2025:

Entrance Fees - Refundable	\$ 459,148
Contingent Refundable Entrance Fees	3,991,518
Entrance Fees - Deferred Revenue:	
50% to 100% Refundable Contracts	1,576,255
Standard Entrance Fee Option Contracts:	
Five Year Contracts	16,563,320
Seven Year Contracts	1,106,909
Fifty Month Contracts	7,153,582
Total Entrance Fees - Deferred Revenue	26,400,066
 Total Entrance Fees	 \$ 30,850,732

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

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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

A composition of resident and client services revenue by primary payor for the year ended December 31, 2025 is as follows:

Medicaid	\$ 3,217,283
Medicare	4,241,685
Managed Care	193,222
Private Pay	23,516,523
Total Resident Services Revenue	<u><u>\$ 31,168,713</u></u>

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

The Obligated Group also records resident services revenue related to resident room and board, which, depending upon the facility and contract type, could also include housekeeping, laundry, and dining services. Revenue for health, personal care, and social ancillary charges is also recorded. Revenue is recognized when services are performed.

The composition of resident services revenue based on its service lines, method of reimbursement, and timing of revenue recognition are as follows at December 31, 2025:

	Grace Park	Ivy Gables	Riverwoods	Normandie Ridge	Fund Development	Total
Service Lines:						
Skilled Nursing	\$ -	\$ -	\$ -	\$ 9,859,614	\$ -	\$ 9,859,614
Assisted Living	6,014,391	3,557,506	2,453,922	2,869,206	-	14,895,025
Independent Living	412,891	-	2,747,359	3,182,732	(160,589)	6,182,393
Retail Sales	-	13,205	141,080	77,396	-	231,681
Total	<u>\$ 6,427,282</u>	<u>\$ 3,570,711</u>	<u>\$ 5,342,361</u>	<u>\$ 15,988,948</u>	<u>\$ (160,589)</u>	<u>\$ 31,168,713</u>
Method of Reimbursement:						
Fee for Services	\$ 6,427,282	\$ 3,557,506	\$ 5,201,281	\$ 15,911,552	\$ (160,589)	\$ 30,937,032
Retail Sales	-	13,205	141,080	77,396	-	231,681
Total	<u>\$ 6,427,282</u>	<u>\$ 3,570,711</u>	<u>\$ 5,342,361</u>	<u>\$ 15,988,948</u>	<u>\$ (160,589)</u>	<u>\$ 31,168,713</u>
Timing of Revenue and Recognition:						
Health Care Services Transferred						
Over Time	\$ 6,427,282	\$ 3,557,506	\$ 5,201,281	\$ 15,911,552	\$ (160,589)	\$ 30,937,032
Sales at Point in Time	-	13,205	141,080	77,396	-	231,681
Total	<u>\$ 6,427,282</u>	<u>\$ 3,570,711</u>	<u>\$ 5,342,361</u>	<u>\$ 15,988,948</u>	<u>\$ (160,589)</u>	<u>\$ 31,168,713</u>

Contract Costs

The Obligated Group 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 Obligated Group otherwise would have recognized is one year or less in duration.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Benevolent Care

The Obligated Group'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 Obligated Group does not pursue collection of amounts determined to qualify as benevolent care, they are not reflected as revenue in the accompanying combined financial statements. Benevolent care provided to residents for the year ended December 31, 2025 was \$403,670.

Occupancy Percentages

During the year ended December 31, 2025, 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:

	Normandie Ridge
Total Skilled Nursing Center Occupancy	95%
Medicaid	47%
Medicare	31%
Private Pay and Other	22%

COVID-19 Funds

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

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Additionally, the U.S. Department of Homeland Security made available emergency relief grant funds through the Federal Emergency Management Agency (FEMA). Total grant funds approved and received by Albright for the year ended December 31, 2025 was \$266,528. 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, 2025, Albright recognized \$386,628 as other operating revenue in the combined statement of operations. Albright believes the amounts have been recognized appropriately as of December 31, 2025.

Loss on Discontinued Operations

On December 5, 2024, Albright sold the Riverwoods Skilled Nursing Facility. Additional write-offs related to the sale were recorded during the year ended December 31, 2025, resulting in a loss on discontinued operations of \$398,920.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 for the year ended December 31, 2025:

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 Obligated Group has adopted an enacted version of the *Uniform Prudent Management of Institutional Funds Act*, which requires enhanced disclosures for all endowment funds. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Net assets with donor restrictions that are temporary in nature consist of assets held on behalf of the Obligated Group by Albright and AFOUND. The temporarily restricted net assets fulfill donor intent by providing for programs, equipment and other health and educational services based on donor designation.

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

Income from Operations

The accompanying combined statement of operations include income from operations, which is the Obligated Group's performance indicator. Changes in net assets without donor restrictions, which are excluded from the income from operations, consistent with industry practice, include changes in value of deferred-giving arrangements, net unrealized gain on fixed income securities and other investments, permanent transfers from related parties, and net assets released from restrictions for capital items.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Obligated Group 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 Obligated Group 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. These inputs reflect assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances, including assumptions developed by the reporting entity, estimated term and timing of future distributions, or information provided by third parties, as there is little, if any, related market activity.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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 Obligated Group 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 Obligated Group has determined that there would be no impact to the accompanying combined 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 Obligated Group 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 Obligated Group has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

Functional Allocation of Expenses

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

Tax Status

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

ACOMM has implemented processes to ensure compliance with the Internal Revenue Service's intermediate sanctions provisions for all its supported organizations, including the Obligated Group. 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 Obligated Group on compliance.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (Continued)

The tax benefit from an uncertain tax position must be recognized only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the combined 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 Obligated Group's reassessment of its tax positions did not have a material impact on the Obligated Group's results of operations or financial position.

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

Subsequent Events

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

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2025, the Obligated Group has a working capital of \$19,626,880.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined balance sheet date, comprise the following at December 31, 2025:

Cash and Cash Equivalents	\$ 5,394,480
Investments	14,356,513
Accounts Receivable, Net	1,235,645
Other Receivables	1,874,101
Total Financial Assets	<u>\$ 22,860,739</u>

The Obligated Group 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 Obligated Group has other assets limited to use such as statutory liquid reserves. These assets limited to use, which are more fully described in Note 4, are not available for general expenditure within the next year and are not reflected in the amounts above.

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NOTE 4 REGULATORY ENVIRONMENT

Medicare and Medicaid

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

Medicare Reimbursement

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

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 Obligated Group has utilized actual rates in the preparation of the combined financial statements.

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NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Medicaid Reimbursement (Continued)

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.

Health Care

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

Other

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

Pennsylvania Department of Insurance Reserve Requirements

On a calendar year basis, Albright 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 and Riverwoods under continuing care agreements.

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NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Pennsylvania Department of Insurance Reserve Requirements (Continued)

The statutory minimum liquid reserve requirement for Normandie Ridge as of December 31, 2025 is \$1,087,139, 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, 2025 for Normandie Ridge is as follows:

Projected Annual Interest Expense	\$ 180,605
Principal Payments Due on Long-Term Debt	<u>235,722</u>
Liquid Reserve Requirement	416,327
Projected Annual Operating Expenses	17,166,254
Minimum Rate	<u>10%</u>
Liquid Reserve Requirement	1,716,625
Maximum Liquid Reserve Requirement	1,716,625
Approximate Percentage of Continuing Care Clients	<u>63%</u>
Statutory Minimum Liquid Reserve	<u><u>\$ 1,087,139</u></u>

The statutory minimum liquid reserve requirement for Riverwoods as of December 31, 2025 is \$501,273, 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, 2025 for Riverwoods is as follows:

Projected Annual Interest Expense	\$ 173,870
Principal Payments Due on Long-Term Debt	<u>226,931</u>
Liquid Reserve Requirement	400,801
Projected Annual Operating Expenses	6,463,035
Minimum Rate	<u>10%</u>
Liquid Reserve Requirement	646,304
Maximum Liquid Reserve Requirement	646,304
Approximate Percentage of Continuing Care Clients	<u>78%</u>
Statutory Minimum Liquid Reserve	<u><u>\$ 501,273</u></u>

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

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
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NOTE 5 CONCENTRATION OF CREDIT RISK

The Obligated Group 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, 2025 is as follows:

Private Pay	43 %
Medicaid	19
Medicare	12
Other (Primarily Managed Care and Insurance)	26
Total	100 %

NOTE 6 INVESTMENTS

The investment portfolios, including assets whose use is limited and investments restricted by the board, consisted of the following as of December 31, 2025:

Investments:

Cash and Short-Term Investments	\$ 263,478
Fixed-Income Securities and Mutual Funds	5,430,088
Equity Securities and Equity Mutual Funds	8,662,947
Total Investments	\$ 14,356,513

Investments Restricted by Donors:

Cash and Short-Term Investments	\$ 57,859
Fixed-Income Securities and Mutual Funds	1,064,033
Equity Securities and Equity Mutual Funds	3,666,373
Total Investments Restricted by Donors	\$ 4,788,265

Statutory Reserves:

Cash and Short-Term Investments	\$ 1,588,412
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ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
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NOTE 6 INVESTMENTS (CONTINUED)

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 year ended December 31, 2025:

Included within the Performance Indicator:	
Interest and Dividend Income, Net	\$ 1,127,012
Net Realized Gain on Investments	310,087
Net Unrealized Gain on	
Equity Security Investments	1,594,542
Net Unrealized Loss on Change in Market	
Value of Derivative Instruments	<u>(169,457)</u>
Total	2,862,184
Included in Other Changes in Net Deficit:	
Net Unrealized Gain on Fixed Income	
Securities and Other Investments	677,984
Included in Net Assets With Donor Restrictions:	
Investment Income, Net	<u>829,764</u>
Total	<u><u>\$ 4,369,932</u></u>

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

The Obligated Group engages professionals to advise on managing its investment portfolio within guidelines of ACOMM's board-approved investment policy. As the need arises, management reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the year ended December 31, 2025, the Obligated Group 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, CE, NR, RW, and Asbury Living. The Obligated Group records an interest in the net assets of AFOUND resulting from contributions with donor restrictions that are solicited and held by AFOUND to be used for the benefit of the Obligated Group. The Obligated Group's beneficial interest in the net assets of AFOUND was \$2,530,973 as of December 31, 2025.

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

The balance sheet of AFOUND consisted of the following as of December 31, 2025:

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	484,161
Pledges Receivable, Net		476,417
Prepaid Expenses and Other Assets		87,733
Total Current Assets		1,048,311

PROPERTY AND EQUIPMENT

Property and Equipment, Net		59,609
Investments Restricted by Donor		49,954,109
Pledge Receivable, Net		14,653,217
Long-Term Investments		1,200,000
Funds Held in Trust		3,209,160

Total Assets	\$	70,124,406
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	13,348
Due to ACOMM, Net		26,587,288
Obligations under Charitable Gift Annuities		4,315,927
Total Liabilities		30,916,563

NET ASSETS

With Donor Restrictions		39,207,843
Total Net Assets		39,207,843

Total Liabilities and Net Assets	\$	70,124,406
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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, CE, NR, RW, and Asbury Living.

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NOTE 8 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 2025:

	Useful Life	
Land and Improvements	10 to 40 Years	\$ 9,437,489
Buildings and Improvements	10 to 40 Years	103,024,166
Furniture and Equipment	2 to 15 Years	10,220,503
Total		122,682,158
Less: Accumulated Depreciation		(62,486,836)
Property and Equipment, Net		\$ 60,195,322

Depreciation expense on property and equipment was \$5,579,031 for the year ended December 31, 2025.

NOTE 9 RELATED PARTY TRANSACTIONS

Due (to) from ACOMM

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

- Accrued Salaries and Paid Time Off (PTO) – By utilizing the consolidated payroll function, all salaries and withholdings are processed through ACOMM. ACOMM recognizes employee compensation, including salaries and PTO for eligible associates in a cash value plan when the related services are performed. Accrued salaries and PTO are calculated, tracked and recognized as liabilities of ACOMM to the extent that the associates have earned the wages and PTO for each payroll period. These accruals do not affect the cash of the affiliates until paid out to the employees and is not cleared out of the intercompany accounts until paid. The intercompany account then will retain an amount equal to the accumulated value of accrued salaries and unused PTO for each affiliate.
- Deferred Service Fees – From time to time, service fees may be deferred by ACOMM to its affiliates in order to meet bond covenant requirements. These fees can be recouped by ACOMM in subsequent periods when financial performance warrants reducing or eliminating the deferral. The cumulative effect of these deferrals will be included in the affiliate intercompany account. For the year ended December 31, 2025, there were no service fees deferred in order to maintain bond covenant compliance.

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NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

Due (to) from ACOMM (Continued)

- Deferred Service Fees (Continued) - Longer term advances from one affiliate to another are subject to repayment terms agreed to by governing boards of both affiliates. These advances are accounted for in the intercompany accounts.
- Cash Management – Entities supported by ACOMM share a common cash management function. Operating cash of the group is swept as needed to accommodate investment of excess cash flow. Operating cash payments, including borrowings and payments of intercompany loans and balances, are made through the same sweep account. At any point in time, depending upon the timing of receipts, disbursements and other investment activity, members of the group may temporarily overdraw their share of the common operating cash. Cumulative positive cash flow levels will periodically be transferred to more permanent investment vehicles of the respective affiliate's books. The balance of cash and cash equivalents includes the Obligated Group's share of the common operating cash and amounts held in their individual checking and savings accounts, money market accounts, and short-term certificates of deposit with original maturities of 90 days or less. Cash balances are principally uninsured and subject to normal credit risk.

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

NOTE 10 DEBT

Long-term debt consisted of the following at December 31, 2025:

	Interest Rate	Maturity Dates	
Asbury Living Series 2025A Bonds	Variable Rate	2025-2050	\$ 20,440,544
Albright Care Services 2025B Bonds	Variable Rate	2025-2040	9,111,633
Total			29,552,177
Unamortized Bond Financing Costs			(727,279)
Current Portion Bonds Payable			(940,134)
Long-Term Debt, Net			\$ 27,884,764

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NOTE 10 DEBT (CONTINUED)

Series 2025 Bonds

In October 2025, Asbury Living and Albright entered into a loan agreement with Union County Hospital Authority (the Authority) pursuant to which the Authority issued the Asbury Living Project Series 2025A Revenue Bonds (Series 2025A Bonds) in the aggregate principal amount of \$20,517,789, and the Albright Care Services Project Series 2025B Revenue Bonds (Series 2025B Bonds) in the aggregate principal amount of \$9,186,687. The Series 2025A and Series 2025B Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 0.92%. The Obligated Group has hedged its interest rate exposure associated with the 2025A and 2025B Bonds as described in Note 11 below.

The proceeds of the Series 2025A Bonds were used to fund an irrevocable escrow fund to advance refund the outstanding Asbury Living Series 2023 Bonds, and to pay certain expenses incurred in connection with the issuance of the Series 2025A Bonds.

The proceeds of the Series 2025B Bonds were used to refund the outstanding Albright Series 2014 and Series 2018 bonds and to pay certain expenses incurred in connection with the issuance of the Series 2025B Bonds.

Asbury Living Series 2023 Bonds

In December 2023, Asbury Living entered into a loan agreement with 1170 West Main Street, LLC (the Issuer) pursuant to which the Issuer issued the Taxable Acquisition Bonds, Series 2023 (Series 2023 Bonds) in the aggregate principal amount of \$20,405,000. The proceeds of the Series 2023 Bonds were used to finance the acquisition of Asbury Grace Park and Asbury Ivy Gables, fund a debt service reserve fund for the Series 2023 Bonds, and pay certain costs of issuance of the Series 2023 Bonds. The Series 2023 Bonds bore interest at an annual fixed rate of 8.50% and matured in 2025.

During the year ended December 31, 2025, the proceeds from the Series 2025A bonds were placed into an irrevocable escrow fund to advance refund the Series 2023 Bonds. The funds remained in the escrow fund to satisfy the outstanding debt service requirements for the Series 2023 Bonds. The trustee of the escrow fund paid the scheduled debt service requirements of the Series 2023 Bonds on each scheduled payment date, including payments made subsequent to year-end through the January 5, 2026 redemption date.

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 was payable over a term of 17 years with interest at a variable rate based on 30-day SOFR plus a spread of 1.39%. Albright had an interest rate swap agreement which fixed the interest rates at 4.235% (Note 11). During the year ended December 31, 2025, the proceeds from the Series 2025B bonds were utilized to refund the outstanding Series A 2018 Master Note.

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NOTE 10 DEBT (CONTINUED)

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 was payable over a term of seven years with interest at a variable rate based on 30-day SOFR plus a spread of 1.65%. During the year ended December 31, 2025, the proceeds from the Series 2025B bonds were utilized to refund the outstanding Series B 2018 Master Note.

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 was payable over a term of 25 years with interest at a variable rate based on 30-day SOFR plus a spread of 2.70%. Albright had an interest rate swap agreement which fixed the interest rate at 4.15% (Note 11). During the year ended December 31, 2025, the proceeds from the Series 2025B bonds were utilized to refund the outstanding Series A 2014 Master Note.

Deferred Financing Costs

Deferred financing costs represent expenses (e.g., underwriting, legal, consulting, and other costs) incurred in connection with issuance of debt and are deferred and amortized over the life of the related indebtedness on a straight-line basis, which approximates the effective-interest method. The amortization of deferred financing costs is included in interest expense and totaled \$422,056 for the year ended December 31, 2025.

Liens and Covenants

Collateral for the Series 2025 Bonds includes a lien on and security interest in the Obligated Group's gross revenues, as defined in the indenture agreements, and all real and personal property owned by the Obligated Group.

The Obligated Group is subject to various covenants under the 2025 bond agreement. These covenants include various reporting, financial, and operational requirements. As of December 31, 2025, management is not aware of any noncompliance with these covenants.

Debt Maturities

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 940,134
2027	980,464
2028	1,019,255
2029	1,066,248
2030	1,111,987
Thereafter	24,434,089
Total	<u>\$ 29,552,177</u>

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NOTE 11 DERIVATIVE FINANCIAL INSTRUMENTS

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

Albright entered into interest rate swap agreements to hedge variable interest rates on the Series 2014 Master Note and the Series 2018 Master Note, on December 15, 2015, and October 4, 2018, respectively. Both swap agreements were terminated on October 1, 2025. Albright recognized a loss on termination of the swap agreements of \$77,928 which is included with loss on debt refinancing on the combined statement of operations for the year ended December 31, 2025.

In October 2025, the Obligated Group entered into a swap agreement in connection with the issuance of the Series 2025A Bonds. Under this agreement, the Obligated Group pays a fixed rate of interest of 4.041% and receives floating rate payments equal to adjusted SOFR plus a spread of 0.92% based on a notional amount equal to the principal amount of the Series 2025A Bonds. Payments under the swap agreement began on October 1, 2025 and will terminate on October 1, 2040.

In October 2025, the Obligated Group entered into a swap agreement in connection with the issuance of the Series 2025B Bonds. Under this agreement, the Obligated Group pays a fixed rate of interest of 3.928% and receives floating rate payments equal to adjusted SOFR plus a spread of 0.92% based on a notional amount equal to the principal amount of the Series 2025B Bonds. Payments under the swap agreement began on October 1, 2025, and will terminate on July 1, 2040.

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NOTE 11 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Albright Series 2014	Albright Series 2018	Asbury Living Series 2025A	Albright Series 2025B	Total
Notional Amount - December 31, 2025	\$ -	\$ -	\$ 20,440,544	\$ 9,111,633	
Trade Date	12/18/2014	10/4/2018	10/1/2025	10/1/2025	
Effective Date	12/15/2015	10/4/2018	10/1/2025	10/1/2025	
Termination or Cancellation Date	10/1/2025	10/1/2025	10/1/2040	7/1/2040	
Fixed Rate	4.150%	4.235%	4.041%	3.928%	
Fair Value at January 1, 2025	188,371	5,524	-	-	193,895
Unrealized Loss	(110,979)	(4,988)	(32,454)	(21,036)	(169,457)
Swap Termination	(77,392)	(536)	-	-	(77,928)
Fair Value at December 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,454)</u>	<u>\$ (21,036)</u>	<u>\$ (53,490)</u>

The Obligated Group has included the fair market value of these derivative instruments as liability of \$53,490 as of December 31, 2025 in the accompanying combined balance sheet. Within income from operations, the Obligated Group recorded a net unrealized loss on derivative instruments of \$169,457 in 2025.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$10,961,401 as of December 31, 2025. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$9,019,927 as of December 31, 2025. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent care.

Net assets with donor restrictions as of December 31, 2025 are subject to the following purpose or time restrictions:

Restricted for the Following Purposes:	
Deferred-Giving Arrangements	\$ 106,639
Funds Available for Building Construction, Income Unrestricted	22,111
Beneficial Interest in Net Assets of Asbury Foundation, Inc.	495,082
Other Specific Purposes	1,317,642
Investments to be Held in Perpetuity:	
Perpetual Trusts	4,886,582
Endowment Funds	2,038,762
Deferred-Giving Arrangements	58,692
Beneficial Interest in Net Assets of Asbury Foundation, Inc.	2,035,891
Total Net Assets With Donor Restrictions	<u>\$ 10,961,401</u>

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NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The Obligated Group's endowment consists of several individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment and Spending Policies

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

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

A summary of the net assets with donor restrictions that are to be held in perpetuity for the year ended December 31, 2025 is as follows:

Endowment Fund - Beginning of Year	\$ 8,567,119
Net Investment Income	346,560
Change in Value of Deferred-Giving Arrangement	(9,889)
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	116,137
Endowment Fund - End of Year	<u>\$ 9,019,927</u>

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NOTE 13 RETIREMENT PLAN

ACOMM and its affiliates sponsor a defined-contribution plan (the Plan) under Internal Revenue Code (IRC) Section 401(k). All full-time employees of ACOMM and affiliates are eligible to participate in the Plan. The Plan provides that eligible employees may elect a salary deferral up to the maximum amount allowed as a deduction by the IRC. The employer match is 100% of the employee contributions up to 3% and 50% on the next 2% of contributions for each eligible employee. The employer's contribution expense for the year ended December 31, 2025 was \$284,379.

NOTE 14 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, 2026.

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

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

Health Insurance

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

Legal Actions and Claims

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

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NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments

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

The following table provides quantitative information concerning the Obligated Group's leases for the year ended December 31, 2025.

Lease Costs:

Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$	33,867
Interest on Lease Liabilities		958
Operating Lease Cost		<u>29,029</u>
Total Lease Cost	<u>\$</u>	<u>63,854</u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$	958
Operating Cash Flows from Operating Leases		29,029
Financing Cash Flows from Finance Leases		16,360
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities		11,015
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities		93,299
Weighted-Average Remaining Lease Term - Finance Leases		2.40 Years
Weighted-Average Remaining Lease Term - Operating Leases		4.14 Years
Weighted-Average Discount Rate - Finance Leases		2.00%
Weighted-Average Discount Rate - Operating Leases		2.00%

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

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2026	\$ 31,396	\$ 17,320
2027	22,296	17,320
2028	19,591	6,772
2029	19,591	-
2030	12,325	-
Total	<u>105,199</u>	<u>41,412</u>
Less: Interest Expense	<u>(4,159)</u>	<u>(944)</u>
Amounts Recognized in the Combined Balance Sheet	<u>\$ 101,040</u>	<u>\$ 40,468</u>

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NOTE 15 FUNCTIONAL EXPENSES

The Obligated Group provides continuing and long-term care for seniors. Expenses related to providing these services were as follows as of December 31, 2025:

	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	\$ 13,080,499	\$ -	\$ 13,080,499
Employee Benefits	2,809,374	-	2,809,374
Contract Labor	2,175,468	-	2,175,468
Food Purchases	1,615,364	-	1,615,364
Medical Supplies and Other			
Resident Costs	1,662,907	-	1,662,907
General and Administrative	-	845,007	845,007
Building and Maintenance	4,116,728	-	4,116,728
Professional Fees and Insurance	477,056	-	477,056
Interest	2,803,887	-	2,803,887
Taxes	998,378	-	998,378
Provision for Credit Losses	36,523	-	36,523
Depreciation and Amortization	5,979,801	-	5,979,801
Service and Other Fees	-	2,704,361	2,704,361
Total Functional Expenses	<u>\$ 35,755,985</u>	<u>\$ 3,549,368</u>	<u>\$ 39,305,353</u>

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

NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The following tables sets forth by level within the fair value hierarchy the Obligated Group's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2025:

Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Short-Term Investments	\$ 1,909,749	\$ -	\$ -	\$ 1,909,749
Fixed-Income Securities and Mutual Funds	6,494,121	-	-	6,494,121
Equity Securities and Mutual Funds	12,329,320	-	-	12,329,320
Subtotal	<u>20,733,190</u>	-	-	<u>20,733,190</u>
 Funds Held in Trust	 <u>-</u>	 <u>-</u>	 <u>4,961,203</u>	 <u>4,961,203</u>
Total Assets				<u><u>\$ 25,694,393</u></u>
Liabilities:				
Obligation Under Deferred-Giving Arrangements	\$ -	\$ 73,786	\$ -	\$ 73,786
Derivative Instruments	-	53,490	-	53,490
Total Liabilities	<u>\$ -</u>	<u>\$ 127,276</u>	<u>\$ -</u>	<u>\$ 127,276</u>

Beneficial interest in perpetual trusts are included with funds held in trust on the combined balance sheet. The following table provides a summary of unobservable inputs related to the Obligated Group's beneficial interest in perpetual trusts as of December 31, 2025:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	\$ 4,961,203	FMV of trust investments from trustee	Estimated term and timing of future distributions

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINING BALANCE SHEET
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Grace Park	Ivy Gables	Total Asbury Living, Inc.	Riverwoods	Normandie Ridge	Fund Development	Total Albright Care Services	Combining Entries	Total Obligated Group
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 2,368,514	\$ -	\$ 2,368,514	\$ 2,792,659	\$ 233,307	\$ -	\$ 3,025,966	\$ -	\$ 5,394,480
Investments	-	-	-	8,268,435	6,088,078	-	14,356,513	-	14,356,513
Accounts Receivable	55,096	46,657	101,753	201,170	1,439,926	-	1,641,096	-	1,742,849
Allowance for Credit Losses	(1,301)	(1,199)	(2,500)	(147,953)	(356,751)	-	(504,704)	-	(507,204)
Other Receivables and Prepaid Expenses	<u>298,606</u>	<u>108,571</u>	<u>407,177</u>	<u>830,249</u>	<u>636,675</u>	<u>-</u>	<u>1,466,924</u>	<u>-</u>	<u>1,874,101</u>
Total Current Assets	<u>2,720,915</u>	<u>154,029</u>	<u>2,874,944</u>	<u>11,944,560</u>	<u>8,041,235</u>	<u>-</u>	<u>19,985,795</u>	<u>-</u>	<u>22,860,739</u>
PROPERTY AND EQUIPMENT									
Due from ACOMM, Net	-	-	-	-	7,750,127	-	7,750,127	(7,750,127)	-
Property, Plant, and Equipment, Net	13,523,550	9,589,564	23,113,114	15,974,881	21,107,327	-	37,082,208	-	60,195,322
Right-of-Use Assets - Operating Leases, Net	97,342	383	97,725	3,315	-	-	3,315	-	101,040
Right-of-Use Assets - Finance Leases, Net	15,028	-	15,028	7,668	15,078	-	22,746	-	37,774
Investments Restricted by Donors	-	-	-	-	-	4,788,265	4,788,265	-	4,788,265
Deposits and Other Assets	5,537	1,000	6,537	41,691	5,730	-	47,421	-	53,958
Statutory Reserves	-	-	-	501,273	1,087,139	-	1,588,412	-	1,588,412
Funds Held in Trust	-	-	-	4,725,457	235,746	-	4,961,203	-	4,961,203
Beneficial Interest in Net Assets of the Asbury Foundation, Inc.	<u>1,499</u>	<u>56</u>	<u>1,555</u>	<u>365,060</u>	<u>2,107,241</u>	<u>57,117</u>	<u>2,529,418</u>	<u>-</u>	<u>2,530,973</u>
Total Assets	<u>\$ 16,363,871</u>	<u>\$ 9,745,032</u>	<u>\$ 26,108,903</u>	<u>\$ 33,563,905</u>	<u>\$ 40,349,623</u>	<u>\$ 4,845,382</u>	<u>\$ 78,758,910</u>	<u>\$ (7,750,127)</u>	<u>\$ 97,117,686</u>

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Grace Park	Ivy Gables	Total Asbury Living, Inc.	Riverwoods	Normandie Ridge	Fund Development	Total Albright Care Services	Combining Entries	Total Obligated Group
LIABILITIES AND NET DEFICIT									
CURRENT LIABILITIES									
Accounts Payable and Accrued Expenses	\$ 156,860	\$ 71,793	\$ 228,653	\$ 269,681	\$ 228,823	\$ -	\$ 498,504	\$ -	\$ 727,157
Accrued Compensation and Related Items	-	-	-	40,751	-	-	40,751	-	40,751
Accrued Interest Payable	44,737	27,959	72,696	15,460	16,059	-	31,519	-	104,215
Obligation Under Deferred-Giving Arrangements	-	-	-	-	-	13,336	13,336	-	13,336
Deposits from Prospective Residents	305,986	-	305,986	289,600	204,684	-	494,284	-	800,270
Entrance Fees - Refundable	-	-	-	396,404	62,744	-	459,148	-	459,148
Deferred Revenue	20,245	17,363	37,608	20,395	44,448	-	64,843	-	102,451
Current Portion of Lease									
Liabilities - Operating Leases	27,364	383	27,747	1,959	-	-	1,959	-	29,706
Current Portion of Lease									
Liabilities - Finance Leases	5,825	-	5,825	3,336	7,530	-	10,866	-	16,691
Current Portion of Long-Term Debt	293,842	183,639	477,481	226,931	235,722	-	462,653	-	940,134
Total Current Liabilities	854,859	301,137	1,155,996	1,264,517	800,010	13,336	2,077,863	-	3,233,859
LONG-TERM LIABILITIES									
Due to ACOMM, Net	3,822,562	5,261,582	9,084,144	13,249,212	-	579,628	13,828,840	(7,750,127)	15,162,857
Long-Term Lease Liabilities -									
Operating Leases, Net of Current	69,978	-	69,978	1,356	-	-	1,356	-	71,334
Long-Term Lease Liabilities -									
Finance Leases, Net of Current	9,416	-	9,416	4,409	9,952	-	14,361	-	23,777
Long-Term Debt, Net of Current	11,995,766	7,496,866	19,492,632	4,117,509	4,274,623	-	8,392,132	-	27,884,764
Contingent Refundable Entrance Fee Liability	-	-	-	3,054,602	936,916	-	3,991,518	-	3,991,518
Entrance Fees - Deferred Revenue	-	-	-	11,859,319	14,540,747	-	26,400,066	-	26,400,066
Obligation Under Deferred-Giving Arrangements	-	-	-	-	-	60,450	60,450	-	60,450
Valuation of Derivative Instruments	19,972	12,482	32,454	10,318	10,718	-	21,036	-	53,490
Total Liabilities	16,772,553	13,072,067	29,844,620	33,561,242	20,572,966	653,414	54,787,622	(7,750,127)	76,882,115
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(410,181)	(3,327,091)	(3,737,272)	(5,087,855)	17,433,671	665,626	13,011,442	-	9,274,170
With Donor Restrictions	1,499	56	1,555	5,090,518	2,342,986	3,526,342	10,959,846	-	10,961,401
Total Net Assets (Deficit)	(408,682)	(3,327,035)	(3,735,717)	2,663	19,776,657	4,191,968	23,971,288	-	20,235,571
Total Liabilities and Net Assets (Deficit)	\$ 16,363,871	\$ 9,745,032	\$ 26,108,903	\$ 33,563,905	\$ 40,349,623	\$ 4,845,382	\$ 78,758,910	\$ (7,750,127)	\$ 97,117,686

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
WITHOUT DONOR RESTRICTIONS BY LOCATION
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Grace Park	Ivy Gables	Total Asbury Living, Inc.	Riverwoods	Normandie Ridge	Fund Development	Total Albright Care Services	Total Obligated Group
REVENUES, GAINS, AND OTHER SUPPORT								
Net Resident Services Revenue	\$ 6,427,282	\$ 3,570,711	\$ 9,997,993	\$ 5,342,361	\$ 15,988,948	\$ (160,589)	\$ 21,170,720	\$ 31,168,713
Other Operating Revenue	67,933	35,299	103,232	656,902	266,113	-	923,015	1,026,247
Amortization of Entrance Fees	-	-	-	1,683,771	1,996,020	-	3,679,791	3,679,791
Interest and Dividend Income, Net	179,002	82,025	261,027	471,238	395,597	(850)	865,985	1,127,012
Net Realized Gain on Investments	-	-	-	103,890	14,260	191,937	310,087	310,087
Net Unrealized Gain on Equity								
Security Investments	-	-	-	876,587	717,208	747	1,594,542	1,594,542
Net Assets Released from Restrictions								
Used for Operations						1,643,334	1,643,334	1,643,334
Allocations from Asbury Foundation, Inc.	-	-	-	246,080	495,495	2,169	743,744	743,744
Total Revenues, Gains, and Other Support	<u>6,674,217</u>	<u>3,688,035</u>	<u>10,362,252</u>	<u>9,380,829</u>	<u>19,873,641</u>	<u>1,676,748</u>	<u>30,931,218</u>	<u>41,293,470</u>
EXPENSES								
Salaries	1,877,937	2,033,533	3,911,470	2,183,554	6,985,475	-	9,169,029	13,080,499
Employee Benefits	281,071	308,601	589,672	635,372	1,584,330	-	2,219,702	2,809,374
Contract Labor	4,488	-	4,488	322,101	1,848,879	-	2,170,980	2,175,468
Food Purchases	322,243	191,355	513,598	362,641	739,125	-	1,101,766	1,615,364
Medical Supplies and Other Resident Costs	114,858	151,934	266,792	182,822	1,213,293	-	1,396,115	1,662,907
General and Administrative	195,281	146,574	341,855	191,239	311,913	-	503,152	845,007
Building and Maintenance	514,394	338,286	852,680	1,399,405	1,864,643	-	3,264,048	4,116,728
Professional Fees and Insurance	90,307	43,984	134,291	138,654	204,111	-	342,765	477,056
Interest	1,287,696	846,737	2,134,433	407,755	219,489	42,210	669,454	2,803,887
Taxes	379,641	151,703	531,344	381,549	85,485	-	467,034	998,378
Provision for Credit Losses	(443)	1,016	573	(3,235)	39,185	-	35,950	36,523
Depreciation and Amortization	949,433	676,253	1,625,686	1,834,453	2,519,662	-	4,354,115	5,979,801
Service and Other Fees	264,233	175,012	439,245	295,560	1,969,556	-	2,265,116	2,704,361
Total Expenses	<u>6,281,139</u>	<u>5,064,988</u>	<u>11,346,127</u>	<u>8,331,870</u>	<u>19,585,146</u>	<u>42,210</u>	<u>27,959,226</u>	<u>39,305,353</u>
INCOME (LOSS) FROM OPERATIONS PRIOR TO LOSS ON DISPOSAL OF ASSETS, LOSS ON DISCONTINUED OPERATIONS, LOSS ON DEBT REFINANCING, AND UNREALIZED LOSS ON DERIVATIVE FINANCIAL INSTRUMENTS	393,078	(1,376,953)	(983,875)	1,048,959	288,495	1,634,538	2,971,992	1,988,117

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
WITHOUT DONOR RESTRICTIONS BY LOCATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Grace Park	Ivy Gables	Total Asbury Living, Inc.	Riverwoods	Normandie Ridge	Fund Development	Total Albright Care Services	Total Obligated Group
Income (Loss) from Operations Prior Loss on Disposal of Assets, Loss on Discontinued Operations, Loss on Debt Refinancing, and Unrealized Loss on Derivative Financial Instruments	\$ 393,078	\$ (1,376,953)	\$ (983,875)	\$ 1,048,959	\$ 288,495	\$ 1,634,538	\$ 2,971,992	\$ 1,988,117
Loss on Disposal of Assets	-	-	-	(23,569)	-	-	(23,569)	(23,569)
Loss on Discontinued Operations	-	-	-	(398,920)	-	-	(398,920)	(398,920)
Loss on Debt Refinancing	(525,296)	(320,672)	(845,968)	(127,002)	(26,465)	-	(153,467)	(999,435)
Unrealized Loss on Derivative Financial Instruments	(19,972)	(12,482)	(32,454)	(85,383)	(51,620)	-	(137,003)	(169,457)
Total Nonoperating Loss	(545,268)	(333,154)	(878,422)	(634,874)	(78,085)	-	(712,959)	(1,591,381)
INCOME (LOSS) FROM OPERATIONS	(152,190)	(1,710,107)	(1,862,297)	414,085	210,410	1,634,538	2,259,033	396,736
OTHER CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS								
Change in Value of Deferred-Giving Arrangements	-	-	-	-	-	(51,694)	(51,694)	(51,694)
Net Unrealized Gain on Fixed Income Securities and Other Investments	-	-	-	372,717	304,950	317	677,984	677,984
Transfer of Capital	-	-	-	6,447,978	5,275,619	(11,723,597)	-	-
Net Assets Released from Restrictions Used for Purchase of Capital Items	-	-	-	4,500	6,185	-	10,685	10,685
Total Other Changes in Net Assets (Deficit) Without Donor Restrictions	-	-	-	6,825,195	5,586,754	(11,774,974)	636,975	636,975
INCREASE (DECREASE) IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	(152,190)	(1,710,107)	(1,862,297)	7,239,280	5,797,164	(10,140,436)	2,896,008	1,033,711
NET ASSETS WITH DONOR RESTRICTIONS								
Investment Income, Net	-	-	-	330,528	21,653	477,583	829,764	829,764
Change in Value of Deferred-Giving Arrangements	-	-	-	-	-	(21,470)	(21,470)	(21,470)
Change in Beneficial Interest in Net Assets of Foundation	1,499	56	1,555	199,398	46,400	(137,612)	108,186	109,741
Net Assets Released from Restrictions Used for Operations	-	-	-	-	-	(1,643,334)	(1,643,334)	(1,643,334)
Net Assets Released from Restrictions Used for Purchase of Capital Items	-	-	-	(4,500)	(6,185)	-	(10,685)	(10,685)
Transfer of Capital	-	-	-	4,394,930	214,091	(4,609,021)	-	-
Net Increase (Decrease) in Net Assets With Donor Restrictions	1,499	56	1,555	4,920,356	275,959	(5,933,854)	(737,539)	(735,984)
CHANGE IN NET ASSETS (DEFICIT)	(150,691)	(1,710,051)	(1,860,742)	12,159,636	6,073,123	(16,074,290)	2,158,469	297,727
Net Assets (Deficit) - Beginning of Year	(257,991)	(1,616,984)	(1,874,975)	(12,156,973)	13,703,534	20,266,258	21,812,819	19,937,844
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (408,682)</u>	<u>\$ (3,327,035)</u>	<u>\$ (3,735,717)</u>	<u>\$ 2,663</u>	<u>\$ 19,776,657</u>	<u>\$ 4,191,968</u>	<u>\$ 23,971,288</u>	<u>\$ 20,235,571</u>

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Grace Park	Ivy Gables	Total Asbury Living, Inc.	Riverwoods	Normandie Ridge	Fund Development	Total Albright Care Services	Total Obligated Group
CASH FLOWS FROM OPERATING ACTIVITIES								
Changes in Net Assets (Deficit)	\$ (150,691)	\$ (1,710,051)	\$ (1,860,742)	\$ 12,159,636	\$ 6,073,123	\$ (16,074,290)	\$ 2,158,469	\$ 297,727
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided (Used) by Operating Activities:								
Provision for Credit Losses	(443)	1,016	573	(3,235)	39,185	-	35,950	36,523
Depreciation and Amortization	943,597	676,253	1,619,850	1,813,812	2,512,272	-	4,326,084	5,945,934
Amortization of Right-of-Use Asset	5,836	-	5,836	20,641	7,390	-	28,031	33,867
Amortization of Deferred Financing Costs	225,861	158,116	383,977	18,759	19,320	-	38,079	422,056
Amortization of Entrance Fees	-	-	-	(1,683,771)	(1,996,020)	-	(3,679,791)	(3,679,791)
Net Proceeds from Nonrefundable Entrance and Advance Fees	-	-	-	3,591,500	3,665,030	-	7,256,530	7,256,530
Net Unrealized Gain on Investments	-	-	-	(1,249,304)	(1,022,158)	(1,064)	(2,272,526)	(2,272,526)
Net Realized Gain on Investments	-	-	-	(103,890)	(14,260)	(191,937)	(310,087)	(310,087)
Loss on Disposal of Assets	-	-	-	23,569	-	-	23,569	23,569
Loss on Debt Refinancing	525,296	320,672	845,968	127,002	26,465	-	153,467	999,435
Loss on Discontinued Operations	-	-	-	398,920	-	-	398,920	398,920
Transfer of Capital-Unrestricted	-	-	-	(6,447,978)	(5,275,619)	11,723,597	-	-
Transfer of Capital-Restricted	-	-	-	(4,394,930)	(214,091)	4,609,021	-	-
Changes in Beneficial Interest in Net Assets of Foundation	(1,499)	(56)	(1,555)	(194,898)	(40,215)	137,612	(97,501)	(99,056)
Changes in Funds Held in Trust	-	-	-	(330,527)	(21,655)	-	(352,182)	(352,182)
Changes in Value of Obligations Under Charitable Gift Annuities	-	-	-	-	-	73,164	73,164	73,164
Net Unrealized Loss on Change in Market Value of Derivative Instrument	19,972	12,482	32,454	85,383	51,620	-	137,003	169,457
Changes in Assets and Liabilities:								
Accounts Receivable	34,282	(29,496)	4,786	357,968	(155,230)	-	202,738	207,524
Other Receivables and Prepaid Expenses	(149,896)	(29,359)	(179,255)	(463,081)	(615,083)	-	(1,078,164)	(1,257,419)
Deferred Entrance Fees	-	-	-	292,980	304,900	-	597,880	597,880
Deposits and Other Assets	(499)	6,180	5,681	289,274	7,532	-	296,806	302,487
Deferred Revenue	114,220	12,095	126,315	(35,101)	7,429	-	(27,672)	98,643
Accounts Payable and Accrued Expenses	150,402	68,180	218,582	(745,051)	71,865	(80,163)	(753,349)	(534,767)
Accrued Interest Payable	(272,516)	(170,298)	(442,814)	2,349	330	-	2,679	(440,135)
Net Cash Provided (Used) by Operating Activities	1,443,922	(684,266)	759,656	3,530,027	3,432,130	195,940	7,158,097	7,917,753

ASBURY LIVING, INC. AND ALBRIGHT CARE SERVICES OBLIGATED GROUP
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Grace Park	Ivy Gables	Total Asbury Living, Inc.	Riverwoods	Normandie Ridge	Fund Development	Total Albright Care Services	Total Obligated Group
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property and Equipment, Net	\$ (196,823)	\$ (102,723)	\$ (299,546)	\$ (1,703,493)	\$ (1,752,779)	\$ -	\$ (3,456,272)	\$ (3,755,818)
Purchases of Investments	-	-	-	(2,311,559)	(1,702,008)	(1,338,627)	(5,352,194)	(5,352,194)
Sales of Investments	-	-	-	1,844,296	1,925,967	6,722,014	10,492,277	10,492,277
Net Cash Provided (Used) by Investing Activities	(196,823)	(102,723)	(299,546)	(2,170,756)	(1,528,820)	5,383,387	1,683,811	1,384,265
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	-	-	-	940,300	-	-	940,300	940,300
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits	-	-	-	(1,399,153)	(1,082,148)	-	(2,481,301)	(2,481,301)
Proceeds from Issuance of Debt	12,626,647	7,891,142	20,517,789	4,506,070	4,680,617	-	9,186,687	29,704,476
Principal Payments on Long-Term Debt	(47,536)	(29,710)	(77,246)	(426,318)	(370,094)	-	(796,412)	(873,658)
Retirement of Long-Term Debt	(12,556,923)	(7,848,077)	(20,405,000)	(4,427,409)	(4,599,328)	-	(9,026,737)	(29,431,737)
Refund of Cash Premium	(133,731)	(70,319)	(204,050)	-	-	-	-	(204,050)
Payments for Deferred Financing Costs	(292,427)	(182,755)	(475,182)	(126,968)	(134,308)	-	(261,276)	(736,458)
Payments on Finance Leases	(5,711)	-	(5,711)	(3,269)	(7,380)	-	(10,649)	(16,360)
Change in Due to ACOMM, Net	(2,229,112)	636,781	(1,592,331)	(724,912)	688,407	(7,186,298)	(7,222,803)	(8,815,134)
Payments on Obligations under Charitable Gift Annuities	-	-	-	-	-	(18,181)	(18,181)	(18,181)
Net Cash Provided (Used) by Financing Activities	(2,638,793)	397,062	(2,241,731)	(1,661,659)	(824,234)	(7,204,479)	(9,690,372)	(11,932,103)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,391,694)	(389,927)	(1,781,621)	(302,388)	1,079,076	(1,625,152)	(848,464)	(2,630,085)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,760,208	389,927	4,150,135	3,596,320	241,370	1,625,152	5,462,842	9,612,977
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,368,514</u>	<u>\$ -</u>	<u>\$ 2,368,514</u>	<u>\$ 3,293,932</u>	<u>\$ 1,320,446</u>	<u>\$ -</u>	<u>\$ 4,614,378</u>	<u>\$ 6,982,892</u>



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