

ASBURY ATLANTIC, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED DECEMBER 31, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**ASBURY ATLANTIC, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	4
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
BALANCE SHEET BY LOCATION	51
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS BY LOCATION	53
STATEMENT OF CASH FLOWS BY LOCATION	55



INDEPENDENT AUDITORS' REPORT

Audit Committee
Asbury Atlantic, Inc.
Frederick, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asbury Atlantic, Inc., which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Asbury Atlantic, Inc. as of December 31, 2025 and 2024, and the results of its operations, changes in net assets (deficit), and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Timonium, Maryland
April 16, 2026

**ASBURY ATLANTIC, INC.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024**

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,659,600	\$ 8,332,523
Investments	69,355,804	43,484,907
Accounts Receivable	7,145,378	7,835,496
Allowance for Credit Losses	(1,624,320)	(1,658,188)
Other Receivables and Prepaid Expenses	7,316,154	10,862,056
Investments Held under Bond Indenture	9,549,047	9,553,877
Total Current Assets	100,401,663	78,410,671
PROPERTY AND EQUIPMENT		
Due from ACOMM, Net	106,640,941	108,217,175
Property and Equipment, Net	275,620,607	272,973,012
Right-Of-Use Assets - Operating Leases, Net	1,027,281	590,641
Right-Of-Use Assets - Finance Leases, Net	119,181	137,178
Investments Restricted by Donors	16,395,850	14,237,891
Deposits and Other Assets	180,274	275,572
Other Intangible Assets	537,500	-
Investments Held under Bond Indenture	16,856,440	16,849,695
Statutory Reserves	29,731,883	28,793,630
Investments Restricted by Board	5,901,801	5,319,953
Funds Held in Trust	2,613,790	2,426,491
Beneficial Interest in Net Assets of Foundation	36,193,749	35,166,561
Valuation of Derivative Instruments	2,406,995	2,698,986
Total Assets	\$ 594,627,955	\$ 566,097,456

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2025 AND 2024**

LIABILITIES AND NET ASSETS (DEFICIT)	2025	2024
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,804,614	\$ 1,330,522
Accrued Interest Payable	4,673,459	4,887,748
Obligations under Charitable Gift Annuities	60,613	61,303
Deposits from Prospective Residents	4,819,324	4,600,095
Entrance Fees - Refundable	2,133,556	5,584,436
Deferred Revenue	913,043	1,070,408
Current Portion of Lease Liabilities - Operating Leases	317,318	413,830
Current Portion of Lease Liabilities - Finance Leases	58,179	76,338
Current Portion of Long-Term Debt	12,846,295	11,431,357
Total Current Liabilities	27,626,401	29,456,037
LONG-TERM LIABILITIES		
Long-Term Lease Liabilities - Operating Leases, Net of Current	709,962	176,811
Long-Term Lease Liabilities - Finance Leases, Net of Current	61,993	29,955
Long-Term Debt, Less Current Portion	222,260,691	230,116,202
Contingent Refundable Entrance Fee Liability	120,308,906	135,549,148
Entrance Fees - Deferred Revenue	210,323,977	194,486,275
Obligations under Charitable Gift Annuities	72,310	79,844
Other Liabilities	1,500,000	1,500,000
Total Liabilities	582,864,240	591,394,272
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(31,726,851)	(67,812,755)
With Donor Restrictions	43,490,566	42,515,939
Total Net Assets (Deficit)	11,763,715	(25,296,816)
Total Liabilities and Net Assets (Deficit)	\$ 594,627,955	\$ 566,097,456

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUES, GAINS, AND OTHER SUPPORT		
Resident Services Revenue	\$ 161,698,949	\$ 153,443,704
Other Operating Revenue	4,742,278	2,436,045
Amortization of Entrance Fees	30,869,103	30,025,130
Interest and Dividend Income, Net	5,138,505	5,826,139
Net Realized Gain (Loss) on Investments	(1,226,099)	9,633,955
Net Unrealized Gain (Loss) on Equity Security Investments	12,114,417	(3,070,610)
Allocations from Asbury Foundation, Inc.	8,792,602	7,952,066
Total Revenues, Gains, and Other Support	222,129,755	206,246,429
EXPENSES		
Salaries	62,837,572	61,866,713
Employee Benefits	11,518,519	13,590,832
Contract Labor	9,789,343	9,030,195
Food Purchases	7,010,955	6,620,006
Medical Supplies and Other Resident Costs	5,568,544	5,148,809
General and Administrative	3,517,396	2,827,225
Building and Maintenance	19,566,461	17,806,853
Professional Fees and Insurance	2,249,529	2,095,322
Interest	10,310,130	10,496,937
Taxes	4,415,450	4,342,667
Provision for Credit Losses	1,225,957	918,067
Depreciation and Amortization	28,843,871	28,797,143
Service and Other Fees	19,847,292	19,713,418
Total Expenses	186,701,019	183,254,187
INCOME FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS AND GAIN (LOSS) ON DISPOSAL OF ASSETS	35,428,736	22,992,242
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	(1,283,860)	439,439
Gain (Loss) on Disposal of Assets	(285,243)	528,564
INCOME FROM OPERATIONS	33,859,633	23,960,245

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
NET DEFICIT WITHOUT DONOR RESTRICTIONS		
Income from Operations	\$ 33,859,633	\$ 23,960,245
Net Unrealized Gain on Fixed Income Securities and Other Investments	190,779	1,078,589
Net Assets Released from Restrictions Used for Purchase of Capital Items	1,331,239	1,863,186
Net Asset Transfer	1,640,253	-
Transfers to ACOMM	<u>(936,000)</u>	<u>(608,500)</u>
Changes in Net Deficit Without Donor Restrictions	36,085,904	26,293,520
NET ASSETS WITH DONOR RESTRICTIONS		
Net Assets Released from Restriction Used for Purchase of Capital Items	(1,331,239)	(1,863,186)
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	2,358,427	1,993,018
Changes in Value of Obligations under Charitable Gift Annuities	<u>(52,561)</u>	<u>(24,074)</u>
Changes in Net Assets With Donor Restrictions	<u>974,627</u>	<u>105,758</u>
CHANGES IN NET ASSETS (DEFICIT)	37,060,531	26,399,278
Net Deficit - Beginning of Year	<u>(25,296,816)</u>	<u>(51,696,094)</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 11,763,715</u>	<u>\$ (25,296,816)</u>

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets (Deficit)	\$ 37,060,531	\$ 26,399,278
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	1,225,957	918,067
Depreciation and Amortization	28,711,165	28,632,626
Amortization of Deferred Financing Costs	238,417	234,025
Amortization of Bond Premium/Discount	(780,550)	(780,550)
Amortization of Right-of-Use Asset - Finance Leases	132,706	164,517
Amortization of Entrance Fees	(30,869,103)	(30,025,130)
Net Proceeds from Nonrefundable Entrance Fees	49,925,603	38,301,150
Net Unrealized (Gain) Loss on Investments	(12,305,196)	1,992,021
Net Realized (Gain) Loss on Investments	1,226,099	(9,633,955)
(Gain) Loss on Disposal of Assets	285,243	(528,564)
Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instruments	1,283,860	(439,439)
Changes in Beneficial Interest in Net Assets of Foundation	(1,027,188)	(129,832)
Changes in Value of Obligations Under Charitable Gift Annuities	52,561	24,074
Transfers to ACOMM	936,000	608,500
Net Asset Transfer	(1,640,253)	-
Changes in Assets and Liabilities:		
Accounts Receivable	(542,740)	(1,605,238)
Other Receivables and Prepaid Expenses	148,295	405,589
Deferred Entrance Fees	3,460,163	(1,545,791)
Other Assets	(3,322)	112,751
Deferred Revenue	(3,612,819)	(1,871,369)
Accounts Payable and Accrued Expenses	389,743	(61,158)
Accrued Interest Payable	(224,714)	(191,926)
Net Cash Provided by Operating Activities	74,070,458	50,979,646
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment, Net	(21,886,141)	(34,700,398)
Purchases of Investments	(25,635,528)	(103,036,342)
Sales of Investments	8,103,921	107,660,704
Funds Held in Trust	(187,299)	(98,001)
Cash Received Upon Net Asset Transfer	1,355,990	-
Net Cash Used by Investing Activities	(38,249,057)	(30,174,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Refundable Entrance Fees and Refundable Deposits	7,925,300	7,321,477
Proceeds from Issuance of Debt	-	8,029,603
Refunds from Refundable Entrance Fees and Refundable Deposits	(26,408,107)	(17,139,076)
Payments on Long-Term Debt	(12,278,285)	(10,923,194)
Payments for Deferred Financing Costs	-	(2,100)
Payments on Finance Leases	(101,031)	(166,198)
Payments on Obligations under Charitable Gift Annuities	(60,785)	(74,494)
Change in Due to ACOMM, Net	(2,695,248)	(9,408,541)
Transfers to ACOMM	(936,000)	(608,500)
Net Cash Used by Financing Activities	(34,554,156)	(22,971,023)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,267,245	(2,165,414)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	63,529,725	65,695,139
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 64,796,970	\$ 63,529,725

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 11,076,977	\$ 11,235,388
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-Use Asset Received in Exchange for Operating Leases	\$ 918,369	\$ 313,356
Right-of-Use Asset Received in Exchange for Finance Leases	\$ 91,638	\$ 170,154

See accompanying Notes to Financial Statements.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 ORGANIZATION

Asbury Communities, Inc. (Asbury Atlantic or the Company) is a nonprofit, nonstock corporation organized under the laws of the state of Maryland and is a supported organization of Asbury Communities, Inc. (ACOMM). ACOMM is the sole member of Asbury Atlantic. Asbury Atlantic has operating entities comprised of Asbury Methodist Village (AMV), Asbury Solomons (AS), Bethany Village (BV), Springhill (SH), and effective January 1, 2025, Asbury Chandler Estate, LLC (CE).

AMV and AS are continuing-care retirement communities (CCRC) located in Gaithersburg, Maryland and Calvert County, Maryland, respectively. BV and SH are CCRCs located in Mechanicsburg, Pennsylvania and Erie, Pennsylvania, respectively. A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, health care, and other related healthcare and lifestyle services to seniors. CE is an independent and personal care facility located in Pen Argyl, Pennsylvania. Cash transferred from Asbury Atlantic to ACOMM during 2025 and 2024 was not required at Asbury Atlantic to fund daily operations, meet debt covenants, or fulfill regulatory requirements.

ACOMM serves as the supporting organization of Asbury Atlantic; Asbury Communities HCBS, Inc. (HCBS); Bethany Development Corp. (BDC); Albright Care Services (Albright); and Asbury Living, Inc. (Asbury Living). Asbury Living has operating entities comprised of Grace Park (GP) and Ivy Gables (IG). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

Asbury Chandler Estate, LLC Transaction

In December 2024, ACOMM formed Asbury Chandler Estate, LLC, a Pennsylvania limited liability company. Asbury Atlantic is the sole member of Asbury Chandler Estate, LLC. The reason for the formation of the LLC, and the membership interest transfer described below, was to convert the Chandler Estates operations from a for profit to a nonprofit.

On December 1, 2024, and effective on January 1, 2025, TAG entered into a membership interest transfer agreement with Asbury Chandler Estate, LLC. Under this agreement, TAG transferred 100% of its membership interests of 1569 Teels Road, LLC, a Pennsylvania limited liability company and owner/operator of a senior living facility known as Asbury Chandler Estates, to Asbury Chandler Estate, LLC. Pursuant to this agreement, ownership of the senior living facility known as Asbury Chandler Estate was also transferred to Asbury Chandler Estate, LLC.

On January 1, 2025, Asbury Chandler Estate, LLC entered into an operating agreement with Asbury Atlantic, whereas Asbury Chandler Estate, LLC became the sole member of 1569 Teels Road, LLC. Pursuant to this agreement, Asbury Atlantic will govern the operations of Asbury Chandler Estate, LLC. All activity of Asbury Chandler Estate, LLC is included in these financial statements from the date of the membership interest transfer agreement.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

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

Use of Estimates

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

Cash, Cash Equivalents, and Restricted Cash

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

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 8,659,600	\$ 8,332,523
Restricted Cash Included in Current Investments		
Held under Bond Indenture	9,549,047	9,553,877
Restricted Cash Included in Long-Term Investments		
Held under Bond Indenture	16,856,440	16,849,695
Restricted Cash Included in Statutory Reserves	<u>29,731,883</u>	<u>28,793,630</u>
Total Cash, Cash Equivalents, and Restricted		
Cash Shown in the Statements of Cash Flows	<u>\$ 64,796,970</u>	<u>\$ 63,529,725</u>

Accounts Receivable and Allowance for Credit Losses

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

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

Under the Medicare and Medicaid reimbursement and other third-party agreements, amounts collected for services to patients under these agreements are computed at contractually agreed-upon rates. Accounts receivable have been adjusted to reflect the difference between charges and the reimbursable amounts under these third-party contracts. Revenues from Medicare and Medicaid programs and other third-party agreements accounted for approximately 21% and 22% of total resident service revenues for the years ended December 31, 2025 and 2024, respectively.

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

	<u>Accounts Receivable, Net</u>
Balance as of January 1, 2024	\$ 5,490,137
Balance as of December 31, 2024	6,177,308
Balance as of December 31, 2025	5,521,058

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 and 2024, the allowance for estimate of expected credit losses was \$1,624,320 and \$1,658,188, respectively.

Changes in the allowance for credit losses for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 1,658,188	\$ 1,261,922
Provision for Losses	1,237,118	905,822
Amounts Written Off	(1,271,172)	(516,368)
Recoveries	186	6,812
Balance, End of Year	<u>\$ 1,624,320</u>	<u>\$ 1,658,188</u>

Investments and Investment Income

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

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

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

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

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

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

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

Strategies Employed for Achieving Objectives

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

Derivatives Policy – Debt

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

Investments Restricted by the Board

Investments restricted by the board include assets set aside by the ACOMM board of directors (the board) for benevolent care. The board retains control of these assets and may, at its discretion, subsequently use them for other board-designated purposes.

Beneficial Interest in Net Assets of Foundation

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

Leases

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

Property and Equipment

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

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

The Company reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during 2025 and 2024.

Advertising Expenses

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the statements of operations and changes in net deficit. Advertising expense was \$579,437 and \$375,332 for the years ended December 31, 2025 and 2024, respectively.

Deposits from Prospective Residents

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Continuing-Care Contracts

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

Resident Services Revenue

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

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the facility. The Company measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and the Company does not believe it is required to provide additional goods or services related to that sale.

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

Asbury Atlantic offers four types of resident entrance fee options at the AMV, AS, BV, and SH locations: a standard entrance fee (SEF) that amortizes over fifty (50) months, a 50% refundable entrance fee, an 80% refundable entrance fee, and a nonrefundable entrance fee (NREF). Previously, Asbury Atlantic offered a one hundred percent (100%) refundable, a ninety percent (90%) refundable, a twenty-five percent (25%) refundable, a SEF that amortized over five (5) years, and a SEF that amortized over nine (9) years.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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 nine years, 10% of the fee is nonrefundable upon receipt, and 10% per annum of the fee becomes nonrefundable over the nine-year period. After the fifty-month, five-year, and nine-year periods, the refund is fully amortized and there is no refundable portion. Under the NREF, the entrance fee is not refundable as of the resident's designated occupancy date or actual date of occupancy, whichever is earlier. Under the refundable contracts, residents pay a higher entrance fee in order to guarantee a specific percentage refund of the entrance fee upon termination of the residency agreement. Payment of an entrance fee refund is contingent upon termination of occupancy and a successor resident taking possession of the original residential unit.

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

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

The gross amounts of refund obligations are summarized below and are categorized as refundable entrance fees and standard entrance fees. The contingent refundable entrance fees are fixed in their amounts but are refundable upon termination of occupancy and the receipt of a successor entrance fee. Standard entrance fees are refundable upon termination of occupancy and the receipt of a successor entrance fee, and the amount of refund is based upon the length of stay in the community.

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

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

	Deferred Revenue from Entrance Fees
Balance as of January 1, 2024	\$ 339,806,377
Balance as of December 31, 2024	335,619,859
Balance as of December 31, 2025	332,766,439

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Entrance Fees - Refundable	\$ 2,133,556	\$ 5,584,436
Contingent Refundable Entrance Fees	120,308,906	135,549,148
Entrance Fees - Deferred Revenue:		
25% to 90% Refundable Contracts	7,434,384	7,100,983
Standard Entrance Fee Option Contracts:		
Five-Year Contracts	144,487,503	178,697,148
Nine-Year Contracts	474,099	633,668
Fifty-Month Contracts	57,095,289	6,979,390
Nonrefundable	<u>832,702</u>	<u>1,075,086</u>
Total Entrance Fees - Deferred Revenue	<u>210,323,977</u>	<u>194,486,275</u>
 Total Entrance Fees	 <u>\$ 332,766,439</u>	 <u>\$ 335,619,859</u>

Asbury Atlantic 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 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.

CE offers 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.

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

	<u>2025</u>	<u>2024</u>
Medicaid	\$ 16,610,028	\$ 16,634,451
Medicare	16,237,445	16,576,722
Managed Care	1,203,491	1,112,669
Private Pay	<u>127,647,985</u>	<u>119,119,862</u>
Total Resident Services Revenue	<u>\$ 161,698,949</u>	<u>\$ 153,443,704</u>

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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

	2025					Total
	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Chandler Estate, LLC	
	Service Lines:					
Skilled Nursing Facility	\$ 30,944,643	\$ 6,357,084	\$ 12,758,427	\$ 10,906,142	\$ -	\$ 60,966,296
Assisted Living	16,605,792	2,484,970	10,226,222	2,449,592	2,047,102	33,813,678
Independent Living	33,797,216	12,104,098	11,940,792	6,811,703	1,507,620	66,161,429
Retail Sales	206,258	78,696	220,918	251,674	-	757,546
Total	<u>\$ 81,553,909</u>	<u>\$ 21,024,848</u>	<u>\$ 35,146,359</u>	<u>\$ 20,419,111</u>	<u>\$ 3,554,722</u>	<u>\$ 161,698,949</u>
Method of Reimbursement:						
Fee for Services	\$ 81,347,651	\$ 20,946,152	\$ 34,925,441	\$ 20,167,437	\$ 3,554,722	\$ 160,941,403
Retail Sales	206,258	78,696	220,918	251,674	-	757,546
Total	<u>\$ 81,553,909</u>	<u>\$ 21,024,848</u>	<u>\$ 35,146,359</u>	<u>\$ 20,419,111</u>	<u>\$ 3,554,722</u>	<u>\$ 161,698,949</u>
Timing of Revenue and Recognition:						
Health Care Services						
Transferred Over Time	\$ 81,347,651	\$ 20,946,152	\$ 34,925,441	\$ 20,167,437	\$ 3,554,722	\$ 160,941,403
Sales at Point in Time	206,258	78,696	220,918	251,674	-	757,546
Total	<u>\$ 81,553,909</u>	<u>\$ 21,024,848</u>	<u>\$ 35,146,359</u>	<u>\$ 20,419,111</u>	<u>\$ 3,554,722</u>	<u>\$ 161,698,949</u>
2024						
	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Total	
Service Lines:						
Skilled Nursing Facility	\$ 32,259,475	\$ 6,220,644	\$ 12,579,599	\$ 10,146,546	\$ 61,206,264	
Assisted Living	15,247,999	2,418,077	9,931,480	2,211,799	29,809,355	
Independent Living	32,204,621	11,533,037	11,595,443	6,299,774	61,632,875	
Retail Sales	219,733	72,784	262,078	240,615	795,210	
Total	<u>\$ 79,931,828</u>	<u>\$ 20,244,542</u>	<u>\$ 34,368,600</u>	<u>\$ 18,898,734</u>	<u>\$ 153,443,704</u>	
Method of Reimbursement:						
Fee for Services	\$ 79,712,095	\$ 20,171,758	\$ 34,106,522	\$ 18,658,119	\$ 152,648,494	
Retail Sales	219,733	72,784	262,078	240,615	795,210	
Total	<u>\$ 79,931,828</u>	<u>\$ 20,244,542</u>	<u>\$ 34,368,600</u>	<u>\$ 18,898,734</u>	<u>\$ 153,443,704</u>	
Timing of Revenue and Recognition:						
Health Care Services						
Transferred Over Time	\$ 79,712,095	\$ 20,171,758	\$ 34,106,522	\$ 18,658,119	\$ 152,648,494	
Sales at Point in Time	219,733	72,784	262,078	240,615	795,210	
Total	<u>\$ 79,931,828</u>	<u>\$ 20,244,542</u>	<u>\$ 34,368,600</u>	<u>\$ 18,898,734</u>	<u>\$ 153,443,704</u>	

**ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Costs

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

Benevolent Care

Asbury Atlantic's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as benevolent care. Because Asbury Atlantic does not pursue collection of amounts determined to qualify as benevolent care, they are not reflected as revenue in the accompanying financial statements. Benevolent care provided to residents for the years ended December 31, 2025 and 2024 was \$2,468,097 and \$3,086,426, respectively.

Occupancy Percentages

During the years ended December 31, 2025 and 2024, 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:

	2025				2024			
	Bethany Village	Springhill	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Methodist Village	Asbury Solomons, Inc.
Total Skilled Nursing Center Occupancy	95%	96%	89%	76%	96%	92%	95%	74%
Medicaid	27%	49%	48%	45%	26%	46%	46%	37%
Medicare	8%	7%	27%	17%	8%	3%	29%	15%
Private Pay and Other	65%	44%	25%	38%	66%	51%	25%	48%

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 the Company for the years ended December 31, 2025 and 2024 was \$2,273,537 and \$-0-, respectively. The PRF and FEMA funds are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COVID-19 Funds (Continued)

At December 31, 2025, the Company recognized \$2,186,886 as other operating revenue and at December 31, 2024, the Company reduced other operating revenue by \$2,058 in the statements of operations and changes in net assets (deficit). At December 31, 2025 and 2024, the Company recognized \$236,998 and \$512,559, respectively, as deferred revenue in the balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2025 and 2024.

Contributions

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

Funds Held in Trust.

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

Obligations Under Charitable Gift Annuities

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

Net Asset Transfer

The Company recognized a net asset transfer related to the January 1, 2025 membership interest transfer with CE. The transaction was recognized in accordance with ASC 805-50 – *Business Combinations – Related Issues* for transfers of net assets between entities under common control. The Company did not pay any consideration as part of the transfer.

**ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Transfer (Continued)

The following amounts were recorded at book value on the transfer date:

Cash and Cash Equivalents	\$ 1,355,990
Accounts Receivable, Net	26,967
Other Receivables and Prepaid Expenses	62,556
Property and Equipment, Net	9,659,242
Right-Of-Use Assets - Operating Leases	17
Right-Of-Use Assets - Finance Leases	23,090
Intangible Assets	537,500
Valuation of Derivative Instrument	991,869
Total	<u>\$ 12,657,231</u>
Accounts Payable and Accrued Expenses	\$ 25,888
Accrued Compensation and Related Items	58,461
Accrued Interest	10,425
Due to ACOMM, Net	4,271,482
Long-Term Debt, Net	6,379,845
Deposits from Prospective Residents	243,017
Deferred Revenue	4,553
Lease Liabilities - Operating Leases	17
Lease Liabilities - Finance Leases	23,290
Net Assets Without Donor Restrictions	1,640,253
Total	<u>\$ 12,657,231</u>

Net Assets (Deficit) and Endowment Funds

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

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

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Deficit) and Endowment Funds (Continued)

Net assets with donor restrictions that are temporary in nature consist of assets held on behalf of Asbury Atlantic, Inc. by AFOUND and BV. The temporary 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 AFOUND and BV for the benefit of Asbury Atlantic, Inc. The objectives of these net assets are providing long-term growth of capital and maximizing the return on assets over the long-term while diversifying investments within asset classes to reduce the impact of losses in single investments. The income from these net assets 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 statements of operations and changes in net assets (deficit) include income from operations, which is the Company's performance indicator. Changes in net deficit without donor restrictions, which are excluded from income from operations, consistent with industry practice, include unrealized gains and losses on fixed income securities and other investments, net assets released from restriction used for purchase of capital items, and permanent transfers of assets to and from related parties for other than goods and services.

Tax Status

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

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

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (Continued)

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

Fair Value Measurements

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

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

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

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

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

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.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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

Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. The Company has determined that there would be no impact to the accompanying financial statements as a result of the application of this standard. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Company also adopted the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Company has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

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.

Subsequent Events

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2025 and 2024, the Company has working capital of \$72,775,262 and \$48,954,634, respectively.

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

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 8,659,600	\$ 8,332,523
Investments	69,355,804	43,484,907
Accounts Receivable, Net	5,521,058	6,177,308
Other Receivables	7,316,154	10,862,056
Investments Held Under Bond Indenture	9,549,047	9,553,877
Total Financial Assets	<u>\$ 100,401,663</u>	<u>\$ 78,410,671</u>

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

NOTE 4 REGULATORY ENVIRONMENT

Medicare and Medicaid

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

Medicare Reimbursement

The 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.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Medicare Reimbursement (Continued)

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

Maryland Medicaid Reimbursement

Under the Maryland Medical Assistance Program (Maryland Medicaid), a facility's resident care day rate is comprised of four cost centers: (1) administrative and routine (i.e. administration, training, laundry, housekeeping), (2) other patient care (i.e. pharmacy, food, social services, recreation), (3) capital (i.e. real estate tax and fair rental value), and (4) nursing services (all direct care).

Maryland Medicaid calculates annual regional prices on a state fiscal year basis for administrative and routine costs as well as other patient care costs. Facility-specific capital rates are set based on real estate taxes and fair rental value. These rates generally remain constant throughout the year. Nursing service rates are adjusted quarterly to capture fluctuations in residents' acuity based on the Minimum Data Set assessment tool. If a facility's case mix increases at a higher rate than the statewide average, its nursing services rate increases.

Pennsylvania Medicaid Reimbursement

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

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

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

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 Company'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 Company. In addition, the contracts the Company has with commercial payors also provide for retroactive audit and review of claims.

Other

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

Pennsylvania Department of Insurance Reserve Requirements

On a calendar year basis, BV and SH are required by the Continuing Care Provider Registrations and Disclosure Act of 1984 to maintain a working capital reserve equivalent to the greater of the total of debt service payments due during the next 12 months on account of any loans or 10% of the projected annual operating expenses, exclusive of depreciation and amortization, computed only on the proportional share of financing or operating expenses that is applicable to residents of BV and SH under continuing-care agreements.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Pennsylvania Department of Insurance Reserve Requirements (Continued)

The statutory minimum liquid reserve requirement for BV as of December 31, 2025 and 2024 is \$4,780,926 and \$4,515,860, respectively, and is based on the projected annual debt service requirements for BV. The statutory minimum liquid reserve requirement as of December 31 for BV is as follows:

	<u>2025</u>	<u>2024</u>
Projected Annual Interest Expense	\$ 3,517,670	\$ 3,693,393
Principal Payments Due on Long-Term Debt	<u>3,364,331</u>	<u>2,803,313</u>
Liquid Reserve Requirement	6,882,001	6,496,706
Projected Annual Operating Expenses	36,266,732	35,572,572
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	<u>3,626,673</u>	<u>3,557,257</u>
Maximum Liquid Reserve Requirement	6,882,001	6,496,706
Approximate Percentage of Continuing Care Clients	<u>69%</u>	<u>70%</u>
Statutory Minimum Liquid Reserve	<u>\$ 4,780,926</u>	<u>\$ 4,515,860</u>

The statutory minimum liquid reserve requirement for SH as of December 31, 2025 and 2024 is \$1,309,105 and \$1,250,157 respectively. The 2025 reserve is based on the projected annual debt service requirements for SH, and the 2024 reserve is based on 10% of the projected annual operating expenses exclusive of depreciation and amortization. The statutory minimum liquid reserve requirement as of December 31 for SH is as follows:

	<u>2025</u>	<u>2024</u>
Projected Annual Interest Expense	\$ 1,156,204	\$ 1,071,752
Principal Payments Due on Long-Term Debt	<u>1,019,834</u>	<u>814,787</u>
Liquid Reserve Requirement	2,176,038	1,886,539
Projected Annual Operating Expenses	21,326,032	20,725,422
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	<u>2,132,603</u>	<u>2,072,542</u>
Maximum Liquid Reserve Requirement	2,176,038	2,072,542
Approximate Percentage of Continuing Care Clients	<u>60%</u>	<u>60%</u>
Statutory Minimum Liquid Reserve	<u>\$ 1,309,105</u>	<u>\$ 1,250,157</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 ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

State of Maryland Statutory Reserves

The state of Maryland requires Asbury Atlantic to set aside reserves equal to 25% of its net operating expenses (as defined) for the most recent fiscal year. As of December 31, 2025 and 2024, AMV and AS are in compliance with the reserve requirement. The total amount reserved for AMV is as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 98,264,582	\$ 96,947,950
Less: Depreciation and Amortization Expense	(17,238,386)	(17,611,664)
Interest Expense	(4,862,440)	(5,169,317)
Net Operating Expenses	<u>\$ 76,163,756</u>	<u>\$ 74,166,969</u>
 Total Operating Reserve (25% of Net Operating Expenses)	 <u>\$ 19,040,939</u>	 <u>\$ 18,541,742</u>
 Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 19,040,939</u>	 <u>\$ 18,541,742</u>
 Cash and Marketable Securities Available for Operating Reserve	 <u>\$ 19,040,939</u>	 <u>\$ 18,541,742</u>

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

	<u>2025</u>	<u>2024</u>
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 22,877,123	\$ 22,291,998
Less: Depreciation and Amortization Expense	(3,689,774)	(3,484,698)
Interest Expense	(783,697)	(863,816)
Net Operating Expenses	<u>\$ 18,403,652</u>	<u>\$ 17,943,484</u>
 Total Operating Reserve (25% of Net Operating Expenses)	 <u>\$ 4,600,913</u>	 <u>\$ 4,485,871</u>
 Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 4,600,913</u>	 <u>\$ 4,485,871</u>
 Cash and Marketable Securities Available for Operating Reserve	 <u>\$ 4,600,913</u>	 <u>\$ 4,485,871</u>

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 5 CONCENTRATION OF CREDIT RISK

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

	<u>2025</u>	<u>2024</u>
Private Pay	43 %	42 %
Medicaid	28	23
Medicare	13	21
Other (Primarily Managed Care and Insurance)	16	14
Total	<u>100 %</u>	<u>100 %</u>

NOTE 6 INVESTMENTS

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

	<u>2025</u>	<u>2024</u>
Investments:		
Cash and Short-Term Investments	\$ 1,262,274	\$ 565,304
Fixed-Income Securities and Mutual Funds	13,683,887	12,854,139
Equity Securities and Equity Mutual Funds	54,377,259	29,799,415
Alternative Investments	32,384	266,049
Total Investments	<u>\$ 69,355,804</u>	<u>\$ 43,484,907</u>
Investments Restricted by Donors:		
Cash and Short-Term Investments	\$ 39,374	\$ 34,190
Fixed-Income Securities and Mutual Funds	5,600,399	4,863,296
Equity Securities and Equity Mutual Funds	10,756,077	9,340,405
Total Investments Restricted by Donors	<u>\$ 16,395,850</u>	<u>\$ 14,237,891</u>
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	<u>\$ 26,405,487</u>	<u>\$ 26,403,572</u>
Statutory Reserves:		
Cash and Short-Term Investments	<u>\$ 29,731,883</u>	<u>\$ 28,793,630</u>
Investments Restricted by Board:		
Cash and Short-Term Investments	\$ 107,413	\$ 69,159
Fixed-Income Securities and Mutual Funds	1,164,425	1,572,578
Equity Securities and Equity Mutual Funds	4,628,427	3,664,159
Alternative Investments	1,536	14,057
Total Investments Restricted by Board	<u>\$ 5,901,801</u>	<u>\$ 5,319,953</u>

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 6 INVESTMENTS (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Debt Service Fund	\$ 9,656,853	\$ 10,300,566
Debt Service Reserve Fund	16,748,634	16,103,006
Total	<u>26,405,487</u>	<u>26,403,572</u>
Less: Current Portion	<u>(9,549,047)</u>	<u>(9,553,877)</u>
Long-Term Portion of Bond Indenture	<u>\$ 16,856,440</u>	<u>\$ 16,849,695</u>

The total return on investments, along with investments held under bond indenture, statutory reserves, and investments restricted by, including the change in the market value of derivative instruments, generated net board investment income and earnings for the years ended December 31, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Included Within Asbury Atlantic's Performance Indicator:		
Interest and Dividend Income, Net	\$ 5,138,505	\$ 5,826,139
Net Realized Gain (Loss) on Investments	(1,226,099)	9,633,955
Net Unrealized Gain (Loss) on Equity Security Investments	12,114,417	(3,070,610)
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	<u>(1,283,860)</u>	<u>439,439</u>
Total	14,742,963	12,828,923
Included in Other Changes in Net Deficit:		
Net Unrealized Gain on Fixed Income Securities and Other Investments	190,779	1,078,589
Total	<u>\$ 14,933,742</u>	<u>\$ 13,907,512</u>

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

The Company 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 years ended December 31, 2025 and 2024, Asbury Atlantic did not identify any other than temporary declines in the fair value of investments.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF FOUNDATION

AFOUND was established to solicit, receive, hold, invest, and reinvest donations and bequests, which are made primarily for the benefit of AMV, AS, SH, BV, CE, NR, RW, and Asbury Living. Asbury Atlantic's beneficial interest in the net assets of AFOUND was \$36,193,749 and \$35,166,561 as of December 31, 2025 and 2024, respectively. The balance sheets of AFOUND consisted of the following at December 31:

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 484,161	\$ 15,161
Pledges Receivable, Net	476,417	974,654
Prepaid Expenses and Other Assets	87,733	57,092
Total Current Assets	1,048,311	1,046,907
PROPERTY AND EQUIPMENT		
Property and Equipment, Net	59,609	80,678
Investments Restricted by Donor	49,954,109	44,237,078
Pledge Receivable, Net	14,653,217	11,593,802
Long-Term Investments	1,200,000	1,200,000
Funds Held in Trust	3,209,160	2,719,711
Total Assets	\$ 70,124,406	\$ 60,878,176
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 13,348	\$ 167,100
Due to ACOMM, Net	26,587,288	18,227,891
Obligations under Charitable Gift Annuities	4,315,927	4,065,062
Total Liabilities	30,916,563	22,460,053
NET ASSETS		
With Donor Restrictions	39,207,843	38,418,123
Total Net Assets	39,207,843	38,418,123
Total Liabilities and Net Assets	\$ 70,124,406	\$ 60,878,176

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 8 OBLIGATION UNDER CHARITABLE GIFT ANNUITIES

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

Obligations related to charitable gift annuities issued by AFOUND and BV are recorded at the present value of the future interest payments based on the donor's life expectancy. Amounts donated in excess of the liability are recorded as donations with restrictions in the statements of operations and changes in net deficit. The present value of the liability is calculated using the five-year United States Treasury Bond rate. This rate was 3.73% and 4.37% at December 31, 2025 and 2024, respectively. Changes in the present value of the accompanying obligation are shown as changes in values of charitable gift annuities in the statements of operations and changes in net deficit.

NOTE 9 PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Land and Improvements	\$ 52,130,570	\$ 49,396,032
Buildings and Improvements	579,582,488	572,046,371
Furniture and Equipment	65,123,587	64,538,292
Construction in Progress	<u>3,601,703</u>	<u>824,641</u>
Total	700,438,348	686,805,336
Less: Accumulated Depreciation	<u>(424,817,741)</u>	<u>(413,832,324)</u>
Property and Equipment, Net	<u>\$ 275,620,607</u>	<u>\$ 272,973,012</u>

For the year ended December 31, 2025, construction in progress included renovations at the BV campus which are expected to be completed in 2026.

Depreciation expense on property and equipment was \$28,612,545 and \$28,534,006 for the years ended December 31, 2025 and 2024, respectively.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 10 RELATED PARTY TRANSACTIONS

Due to/from ACOMM

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

- Accrued Salaries and Paid Time Off (PTO) – By utilizing the 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 2025 and 2024, no service fees were deferred in order to maintain bond covenant compliance.

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

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

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Due to/from ACOMM (Continued)

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

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

Service Fees

Asbury Atlantic received services from ACOMM under a service agreement at a cost of \$20,061,111 and \$20,059,880 in 2025 and 2024, respectively. Included in the services is an information technology fee. Service fees are allocated to all affiliates based upon a pro rata share of revenues. The payment of service fees to ACOMM is subordinate to all obligations of Asbury Atlantic under all of Asbury Atlantic's secured loan agreements.

Asbury Atlantic has various service agreements with Albright to receive pharmacy services for the benefit of the residents at AMV, AS, BV, SH and CE campuses. Albright submits monthly invoices to Asbury Atlantic for all products and services under the agreements. The term of the agreements will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to AMV and AS for the years ended December 31, 2025 and 2024 was \$1,153,857 and \$1,158,055, respectively. The total cost of pharmacy services provided to BV and SH for the years ended December 31, 2025 and 2024 was \$333,789 and \$322,416, respectively. The total cost of pharmacy services provided to CE for the year ended December 31, 2025 was \$417.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 LONG-TERM DEBT

Long-term debt consisted of the following:

	Interest Rate	Maturity		
		Dates	2025	2024
Asbury Chandler Estate, LLC Loan	Variable Rates	2022 - 2041	\$ 6,175,632	\$ -
Series 2022A PA Bonds	Variable Rate Revenue Bonds	2025 - 2037	16,416,016	17,539,084
Series 2022A MD Bonds	Fixed Rate Revenue Bonds	2037 - 2042	40,000,000	40,000,000
Series 2021A PA Bonds	Fixed Rate Revenue Bonds	2034 - 2041	27,235,000	27,235,000
Series 2021B PA Bonds	Variable Rate Revenue Bonds	2022 - 2034	16,190,000	17,225,000
Series 2019B MD Bonds	Variable Rate Revenue Bonds	2019 - 2027	3,456,000	3,639,000
Series 2019 PA Bonds	Fixed Rate Revenue Bonds	2021 - 2045	49,115,000	51,145,000
Series 2018A MD Bonds	Fixed Rate Revenue Bonds	2023 - 2036	68,505,000	73,390,000
Series 2018B MD Bonds	Fixed Rate Revenue Bonds	2022 - 2027	4,350,000	7,075,000
Subtotal			231,442,648	237,248,084
Unamortized Bond Premium/Discount on Bonds, Net			6,978,092	7,758,643
Unamortized Bond Financing Costs			(3,439,070)	(3,603,687)
Current Portion Bonds Payable			(12,831,843)	(11,411,100)
Total Bonds Payable			222,149,827	229,991,940
Note Payable			125,316	144,519
Current Portion Note Payable			(14,452)	(20,257)
Total Note Payable			110,864	124,262
Total Long-Term Debt			\$ 222,260,691	\$ 230,116,202

Asbury Chandler Estate, LLC Loan

In November 2021, 1569 Teels Road, LLC obtained a loan in the amount of \$7,000,000 to fund a portion of the purchase price for mortgaged property located in Pen Argyl, PA, known as Chandler Estate. The loan is payable over 15 years and bears interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.870%.

Series 2022A Pennsylvania (PA) Bonds

In July 2022, the PA Obligated Group entered into a loan agreement with Cumberland County Municipal Authority (the Authority) pursuant to which the Authority issued the (Asbury Pennsylvania Obligated Group), Series 2022A Revenue Bonds, (the Series 2022A PA Bonds) in the aggregate principal amount of \$18,000,000. The Series 2022A PA Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.343%. The PA Obligated Group has hedged its interest rate exposure associated with the 2022A PA Bonds as described in Note 12 below. As of December 31, 2024, the full \$18,000,000 has been drawn down on the Series 2022A Bonds.

The proceeds of the Series 2022A PA Bonds were used to finance improvements at the Bethany Village and Springhill campuses.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 LONG-TERM DEBT (CONTINUED)

Series 2022 Maryland (MD) Bonds

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

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

Series 2021 Pennsylvania (PA) Bonds

In June 2021, the PA Obligated Group and the Cumberland County Municipal Authority (the Authority) entered into certain agreements pursuant to which, among other things, the Authority agreed to issue the Series 2021A Bonds (2021A PA Bonds) and the Series 2021B Bonds (2021B PA Bonds) and, when issued, the Authority agreed to loan the proceeds thereof to the PA Obligated Group.

The Authority issued the 2021A PA Bonds and 2021B PA Bonds in October 2021.

The PA Obligated Group used a portion of the proceeds of the 2021A PA Bonds in the original par amount of \$27,235,000, together with (i) proceeds of a term loan from the bank in the original par amount of \$20,380,000 (2021 PA Term Loan), and (ii) other available funds, to refund all of the Authority's outstanding Series 2012 PA Bonds, the proceeds of which had been loaned by the Authority to the PA Obligated Group.

The PA Obligated Group also used proceeds from the 2021A Bonds to fund a debt service reserve fund for the 2021A PA Bonds and to pay certain expenses incurred in connection with the issuance of the 2021 PA Bonds. The 2021A PA Bonds bear interest at a fixed rate of 4.50% with yields between 3.85% and 4.00%. The bond agreements for the 2021A PA Bonds require other funds of the PA Obligated Group to be established and maintained by the bond trustee from time to time.

The PA Obligated Group used the proceeds from the 2021B PA Bonds in the original par amount of \$20,380,000 to repay in full the 2021 PA Term Loan.

The 2021B PA Bonds were directly purchased by an affiliate of the bank. The 2021B PA Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.41%. The PA Obligated Group has hedged its interest rate exposure associated with the 2021B PA Bonds as described in Note 12 below.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 LONG-TERM DEBT (CONTINUED)

Series 2019 Maryland (MD) Bonds

In November 2019, the MD Obligated Group entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2019A and Series 2019B Bonds. From the proceeds, the MD Obligated Group borrowed \$16,009,000 of Economic Development Project and Refunding Revenue Bonds Series 2019 (the Series 2019 MD Bonds), which was comprised of \$11,009,000 of Series 2019A Bonds and \$5,000,000 of Series 2019B Bonds maturing on November 1, 2023 and November 1, 2027, respectively. The Series 2019 MD Bonds bear interest at an annual rate based on one-month SOFR plus a spread of 1.00%.

The proceeds of the Series 2019 MD Bonds were utilized to refund all of the Series 2009B MD Bonds, to pay the costs of improving and renovating the facilities at the Asbury Methodist Village location, and to pay certain expenses incurred in connection with the issuance of the Series 2019 MD Bonds.

Series 2019 Pennsylvania (PA) Bonds

In December 2019, the PA Obligated Group entered into a loan agreement with Cumberland County Municipal Authority (the Authority) pursuant to which the Authority sold the Series 2019 bonds. From the proceeds, the PA Obligated Group borrowed \$59,480,000 of Refunding Revenue Bonds Series 2019, (the Series 2019 PA Bonds). The Series 2019 PA Bonds are comprised of serial bonds at fixed rates between 2.5% and 5.0% with yields between 2.70% and 3.96%.

The proceeds of the Series 2019 PA Bonds were used to refund all of the Series 2010 PA Bonds, to fund the debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2019 PA Bonds.

Series 2018 Maryland (MD) Bonds

In October 2018, the MD Obligated Group entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2018A and Series 2018B Bonds. From the proceeds, the MD Obligated Group borrowed \$96,120,000 of Economic Development Project and Refunding Revenue Bonds Series 2018 (the Series 2018 MD Bonds), which was comprised of \$82,565,000 of Series 2018A Bonds and \$13,555,000 of Series 2018B Bonds. The Series 2018A Bonds bear interest at fixed rates between 4% and 5% and maturities range from January 1, 2023 to January 1, 2036. The Series 2018B Bonds bear interest at a fixed rate of 5.0% and mature on January 1, 2027.

The proceeds of the Series 2018 MD Bonds were utilized to refund all of the Series 2006A MD Bonds and the Series 2014A MD Bonds, to pay \$7,500,000 of the costs of improving and renovating the facilities at the Asbury Methodist Village location, to fund the debt service reserve fund, and to pay certain expenses incurred in connection with the issuance of the Series 2018 MD Bonds.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 LONG-TERM DEBT (CONTINUED)

Note Payable

In October 2017, AMV entered into a management agreement with Sodexo Operations, LLC (Sodexo) that included a contract commitment whereas Sodexo would purchase equipment for the services stated in the management agreement and/or provide renovations in support of the services in an amount not to exceed \$7,000,000. Under the terms, Sodexo would then amortize the contract commitment on a straight-line basis over ten years, commencing with the date the equipment is placed in service or when renovation commences, as applicable. As of January 1, 2025, the management agreement was amended closing further access to the contract commitment and revising the repayment terms. The remaining balance will amortize over a ten-year period, commencing January 1, 2025. The outstanding balance of this note payable was \$125,316 and \$144,519 as of December 31, 2025 and 2024, respectively.

Deferred Financing Costs

Deferred financing costs represent expenses (e.g., underwriting, legal, consulting, and other costs) incurred in connection with issuance of debt and are deferred and amortized over the life of the related indebtedness on a straight-line basis, which approximates the effective-interest method. The amortization of deferred financing costs is included in interest expense and totaled \$238,417 and \$234,025 for the years ended December 31, 2025 and 2024, respectively.

Bond Premium and Discount

Bond premiums and discounts are comprised of the difference between the price at which a bond was sold and its fair value. Bond premiums and discounts are amortized on a straight-line basis into interest expense over the life of the bonds. The amortization expense on bond premiums and discounts included a reduction in interest expense of \$780,550 for both the years ended December 31, 2025 and 2024.

Liens and Covenants

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

Under the Asbury Chandler Estate, LLC Loan Agreement, the lenders have a security interest in the mortgaged property and the assignment of leases and rents with respect to the mortgaged property.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 LONG-TERM DEBT (CONTINUED)

Liens and Covenants (Continued)

The Asbury Maryland Obligated Group, the Pennsylvania Obligated Group, and Asbury Chandler Estate, LLC are subject to various covenants under the bond agreements. These covenants include various reporting financial and operational requirements. ACOMM has agreed to contribute cash to the Maryland Obligated Group, Pennsylvania Obligated Group, and Asbury Chandler Estate, LLC under certain circumstances and, if necessary, to meet their debt-service coverage ratio and maintain their minimum days of cash-on-hand ratio. ACOMM is contractually required to contribute cash to the Pennsylvania Obligated Group up to an aggregate amount of \$3,000,000. 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	\$ 12,846,295
2027	14,932,347
2028	11,110,311
2029	11,164,287
2030	11,809,147
Thereafter	<u>169,705,577</u>
Total	<u><u>\$ 231,567,964</u></u>

NOTE 12 DERIVATIVE INSTRUMENTS

The Company 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 statements of operations and changes in net assets (deficit). The notional amounts decline over time to hedge the interest rate exposure for the Company. These agreements are with investment companies that have investment grade credit ratings from Standard & Poor's and Moody's. These agreements have provisions that if the investment company falls below certain investment grade ratings, the investment company is required to either obtain a replacement investment company or post collateral equal to or more than the value of the derivative instrument.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 12 DERIVATIVE INSTRUMENTS (CONTINUED)

Asbury Atlantic, on behalf of the PA Obligated Group, entered into a swap agreement in connection with the issuance of the 2021B PA Bonds. Under this agreement, Asbury Atlantic pays a fixed rate of interest of 1.08% and receives floating rate payments equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.41% based on a notional amount equal to the principal amount of the 2021B PA Bonds. Payments under the swap agreement began on October 4, 2021 and will terminate on June 1, 2033.

Asbury Atlantic, on behalf of the MD Obligated Group, entered into a swap agreement in connection with the issuance of the Series 2019B bonds. Under this agreement, Asbury Atlantic pays a fixed rate of interest of 2.309% and receives payments based on a floating rate based upon one-month SOFR. Payments under the swap agreement began on November 8, 2019 and will terminate on November 1, 2027.

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

1569 Teels Road, LLC, on behalf of CE, entered into a swap agreement in connection with the 2021 loan agreement. Under this agreement, 1569 Teels Road, LLC pays a fixed rate of interest of 3.751% and receives floating rate payments equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.870% based on a notional amount equal to the principal amount of the loan. Payments under the swap agreement began on November 15, 2021 and will terminate on November 15, 2036.

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

	Series 2019B MD	Series 2021B PA	Series 2022A PA	Asbury Chandler Estate, LLC Loan	Total
Notional Amount -					
December 31, 2025	\$ 3,456,000	\$ 16,190,000	\$ 14,713,425	\$ 6,175,632	
Trade Date	11/8/2019	6/4/2021	7/26/2022	11/15/2021	
Effective Date	11/8/2019	10/4/2021	7/1/2024	11/15/2021	
Termination Date	11/1/2027	6/1/2033	7/1/2036	11/15/2036	
Fixed Rate	2.309%	1.080%	3.456%	3.751%	
Fair Value - December 31, 2023	\$ 187,336	\$ 1,608,335	\$ 463,876	\$ -	\$ 2,259,547
Unrealized Gain (Loss)	(32,582)	38,409	433,612	-	439,439
Fair Value - December 31, 2024	154,754	1,646,744	897,488	-	2,698,986
Net Asset Transfer	-	-	-	991,869	991,869
Unrealized Loss	(89,511)	(568,279)	(386,822)	(239,248)	(1,283,860)
Fair Value - December 31, 2025	<u>\$ 65,243</u>	<u>\$ 1,078,465</u>	<u>\$ 510,666</u>	<u>\$ 752,621</u>	<u>\$ 2,406,995</u>

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 12 DERIVATIVE INSTRUMENTS (CONTINUED)

Asbury Atlantic has included the fair market value of derivative instruments as an asset of \$2,406,995 and \$2,698,986 in the accompanying balance sheets as of December 31, 2025 and 2024, respectively. Net unrealized gain (loss) on derivative instruments were (\$1,283,860) and \$439,439 in 2025 and 2024, respectively.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$43,490,566 and \$42,515,939 as of December 31, 2025 and 2024, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$38,919,025 and \$38,077,407 as of December 31, 2025 and 2024, respectively. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent care.

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 and 2024. 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.

**ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	2025	2024
Endowment Fund - Beginning of Year	\$ 38,077,407	\$ 36,809,831
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	894,179	1,291,650
Changes in Value of Obligations under Charitable Gift Annuities	(52,561)	(24,074)
Endowment Fund - End of Year	\$ 38,919,025	\$ 38,077,407

NOTE 14 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 employee contributions up to 3% and 50% on the next 2% of contributions for each eligible employee. The employer's contribution expense for the years ended December 31, 2025 and 2024 was \$1,733,889 and \$1,786,944, respectively.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Caring Communities, a Reciprocal Risk Retention Group

ACOMM and its affiliates participate in an insurance risk retention group, Carin 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.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Health Insurance

ACOMM and its affiliates have a self-funding arrangement for health insurance coverage. For the years ended December 31, 2025 and 2024, 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 Company is party to various legal actions and claims arising in the ordinary course of its business. The Company's management believes that their ultimate disposition will not have material adverse effect on the Company's financial position or results of operations.

Lease Commitments

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

	2025	2024
Lease Costs:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 132,706	\$ 164,517
Interest on Lease Liabilities	3,415	3,354
Operating Lease Cost	549,406	653,981
Total Lease Cost	\$ 685,527	\$ 821,852
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 3,415	\$ 3,354
Operating Cash Flows from Operating Leases	549,406	653,981
Financing Cash Flows from Finance Leases	101,031	166,198
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	91,638	170,154
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	918,369	313,356
Weighted-Average Remaining Lease Term - Finance Leases	2.69 Years	1.39 Years
Weighted-Average Remaining Lease Term - Operating Leases	3.97 Years	1.63 Years
Weighted-Average Discount Rate - Finance Leases	2.00%	2.00%
Weighted-Average Discount Rate - Operating Leases	2.00%	2.00%

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments (Continued)

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	\$ 334,041	\$ 59,779
2027	234,307	29,720
2028	199,056	18,684
2029	192,473	15,090
2030	107,909	-
Total	<u>1,067,786</u>	<u>123,273</u>
Less: Interest Expense	<u>(40,506)</u>	<u>(3,101)</u>
Amounts Recognized in the Balance Sheets	<u>\$ 1,027,280</u>	<u>\$ 120,172</u>

NOTE 16 FUNCTIONAL EXPENSES

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

	<u>2025</u>		
	<u>Program</u>	<u>Supporting</u>	<u>Total</u>
	<u>Services</u>	<u>Services</u>	
	<u>Continuing</u>	<u>Management</u>	
	<u>Care Services</u>	<u>and General</u>	
Salaries and Wages	\$ 62,837,572	\$ -	\$ 62,837,572
Employee Benefits	11,518,519	-	11,518,519
Contract Labor	9,789,343	-	9,789,343
Food Purchases	7,010,955	-	7,010,955
Medical Supplies and Other			
Resident Costs	5,568,544	-	5,568,544
General and Administrative	-	3,517,396	3,517,396
Building and Maintenance	19,566,461	-	19,566,461
Professional Fees and Insurance	2,249,529	-	2,249,529
Interest	10,310,130	-	10,310,130
Taxes	4,415,450	-	4,415,450
Provision for Credit Losses	1,225,957	-	1,225,957
Depreciation and Amortization	28,843,871	-	28,843,871
Service and Other Fees	-	19,847,292	19,847,292
Total Functional Expenses	<u>\$ 163,336,331</u>	<u>\$ 23,364,688</u>	<u>\$ 186,701,019</u>

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 16 FUNCTIONAL EXPENSES (CONTINUED)

	2024		Total
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	
Salaries and Wages	\$ 61,866,713	\$ -	\$ 61,866,713
Employee Benefits	13,590,832	-	13,590,832
Contract Labor	9,030,195	-	9,030,195
Food Purchases	6,620,006	-	6,620,006
Medical Supplies and Other			
Resident Costs	5,148,809	-	5,148,809
General and Administrative	-	2,827,225	2,827,225
Building and Maintenance	17,806,853	-	17,806,853
Professional Fees and Insurance	2,095,322	-	2,095,322
Interest	10,496,937	-	10,496,937
Taxes	4,342,667	-	4,342,667
Provision for Credit Losses	918,067	-	918,067
Depreciation and Amortization	28,797,143	-	28,797,143
Service and Other Fees	-	19,713,418	19,713,418
Total Functional Expenses	<u>\$ 160,713,544</u>	<u>\$ 22,540,643</u>	<u>\$ 183,254,187</u>

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

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 17 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.

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

The Company has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment.

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Recurring Fair Value Measures	At Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Short-Term Investments	\$ 57,546,431	\$ -	\$ -	\$ 57,546,431
Fixed Income Securities and Mutual Funds	20,448,711	-	-	20,448,711
Equity Securities and Mutual Funds	69,761,763	-	-	69,761,763
Derivative Instruments	-	2,406,995	-	2,406,995
Subtotal	147,756,905	2,406,995	-	150,163,900
Funds Held in Trust			2,613,790	2,613,790
Investments measured at Fair Value Using Net Asset Value Per Share				33,920
Total				<u>\$ 152,811,610</u>

Recurring Fair Value Measures	At Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Short-Term Investments	\$ 55,865,855	\$ -	\$ -	\$ 55,865,855
Fixed Income Securities and Mutual Funds	19,290,013	-	-	19,290,013
Equity Securities and Mutual Funds	42,803,979	-	-	42,803,979
Derivative Instruments	-	2,698,986	-	2,698,986
Subtotal	117,959,847	2,698,986	-	120,658,833
Funds Held in Trust			2,426,491	2,426,491
Investments measured at Fair Value Using Net Asset Value Per Share				280,106
Total				<u>\$ 123,365,430</u>

ASBURY ATLANTIC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

2025			
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	\$ 2,613,790	FMV of trust investments from trustee	Estimated term and timing of future distributions
2024			
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	\$ 2,426,491	FMV of trust investments from trustee	Estimated term and timing of future distributions

There were no purchases, sales or transfers for the years ended December 31, 2025 and 2024 related to the beneficial interest in perpetual trusts.

ASBURY ATLANTIC, INC.
BALANCE SHEET BY LOCATION
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Total Maryland Obligated Group	Bethany Village	Springhill	Total Pennsylvania Obligated Group	Asbury Chandler Estate, LLC	Combining Entries	Total Asbury Atlantic, Inc.
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 4,035,480	\$ 13,676	\$ 4,049,156	\$ 2,478,365	\$ 763,817	\$ 3,242,182	\$ 1,368,262	\$ -	\$ 8,659,600
Investments	54,186,952	3,257,400	57,444,352	11,513,871	397,581	11,911,452	-	-	69,355,804
Accounts Receivable	4,084,953	632,904	4,717,857	1,158,442	1,167,375	2,325,817	101,704	-	7,145,378
Allowance for Credit Losses	(995,683)	(82,621)	(1,078,304)	(215,019)	(314,522)	(529,541)	(16,475)	-	(1,624,320)
Other Receivables and Prepaid Expenses	3,266,725	2,385,386	5,652,111	964,295	643,590	1,607,885	56,158	-	7,316,154
Investments Held Under Bond Indenture	5,946,756	751,488	6,698,244	2,268,652	582,151	2,850,803	-	-	9,549,047
Total Current Assets	<u>70,525,183</u>	<u>6,958,233</u>	<u>77,483,416</u>	<u>18,168,606</u>	<u>3,239,992</u>	<u>21,408,598</u>	<u>1,509,649</u>	<u>-</u>	<u>100,401,663</u>
PROPERTY AND EQUIPMENT									
Due from ACOMM, Net	49,546,151	35,319,137	84,865,288	32,143,148	-	32,143,148	-	(10,367,495)	106,640,941
Property and Equipment, Net	123,955,487	37,669,733	161,625,220	82,688,342	22,268,553	104,956,895	9,038,492	-	275,620,607
Right-of-Use Assets - Operating Leases, Net	375,823	91,926	467,749	225,861	304,207	530,068	29,464	-	1,027,281
Right-of-Use Assets - Finance Leases, Net	38,306	3,090	41,396	62,082	-	62,082	15,703	-	119,181
Investments Restricted by Donors	-	-	-	16,395,850	-	16,395,850	-	-	16,395,850
Deposits and Other Assets	171,101	914	172,015	-	8,259	8,259	-	-	180,274
Other Intangible Assets	-	-	-	-	-	-	537,500	-	537,500
Investments Held Under Bond Indenture	7,595,972	1,287,935	8,883,907	6,329,167	1,643,366	7,972,533	-	-	16,856,440
Statutory Reserves	19,040,939	4,600,913	23,641,852	4,780,926	1,309,105	6,090,031	-	-	29,731,883
Investments Restricted by Board	1,420,315	-	1,420,315	4,481,486	-	4,481,486	-	-	5,901,801
Funds Held in Trust	-	-	-	2,613,790	-	2,613,790	-	-	2,613,790
Beneficial Interest in Net Assets of Foundation	21,365,357	4,662,228	26,027,585	9,174,538	991,626	10,166,164	-	-	36,193,749
Valuation of Derivative Instruments	65,243	-	65,243	1,191,386	397,745	1,589,131	752,621	-	2,406,995
Total Assets	<u>\$ 294,099,877</u>	<u>\$ 90,594,109</u>	<u>\$ 384,693,986</u>	<u>\$ 178,255,182</u>	<u>\$ 30,162,853</u>	<u>\$ 208,418,035</u>	<u>\$ 11,883,429</u>	<u>\$ (10,367,495)</u>	<u>\$ 594,627,955</u>

ASBURY ATLANTIC, INC.
BALANCE SHEET BY LOCATION (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Total Maryland Obligated Group	Bethany Village	Springhill	Total Pennsylvania Obligated Group	Asbury Chandler Estate, LLC	Combining Entries	Total Asbury Atlantic, Inc.
LIABILITIES AND NET DEFICIT									
CURRENT LIABILITIES									
Accounts Payable and Accrued Expenses	\$ 955,777	\$ 243,062	\$ 1,198,839	\$ 284,952	\$ 270,367	\$ 555,319	\$ 50,456	\$ -	\$ 1,804,614
Accrued Interest Payable	2,378,860	386,318	2,765,178	1,490,264	408,017	1,898,281	10,000	-	4,673,459
Obligations Under Charitable Gift Annuities	-	-	-	60,613	-	60,613	-	-	60,613
Deposits from Prospective Residents	2,866,841	404,605	3,271,446	1,025,731	266,861	1,292,592	255,286	-	4,819,324
Entrance Fees - Refundable	1,835,575	-	1,835,575	41,415	256,566	297,981	-	-	2,133,556
Deferred Revenue	386,943	53,645	440,588	252,082	220,333	472,415	40	-	913,043
Current Portion of Lease Liabilities - Operating Leases	116,062	22,470	138,532	86,630	85,423	172,053	6,733	-	317,318
Current Portion of Lease Liabilities - Finance Leases	32,200	3,152	35,352	15,389	-	15,389	7,438	-	58,179
Current Portion of Long-Term Debt	7,434,434	739,018	8,173,452	3,364,331	1,019,832	4,384,163	288,680	-	12,846,295
Total Current Liabilities	16,006,692	1,852,270	17,858,962	6,621,407	2,527,399	9,148,806	618,633	-	27,626,401
LONG-TERM LIABILITIES									
Due to ACOMM, Net	-	-	-	-	6,117,011	6,117,011	4,250,484	(10,367,495)	-
Long-Term Lease Liabilities - Operating Leases, Net of Current	259,761	69,456	329,217	139,231	218,783	358,014	22,731	-	709,962
Long-Term Lease Liabilities - Finance Leases, Net of Current	6,753	-	6,753	46,681	-	46,681	8,559	-	61,993
Long-Term Debt, Less Current Portion	94,511,530	15,305,134	109,816,664	82,552,126	24,074,377	106,626,503	5,817,524	-	222,260,691
Contingent Refundable Entrance Fee Liability	77,707,387	23,546,082	101,253,469	7,885,855	11,169,582	19,055,437	-	-	120,308,906
Entrance Fees - Deferred Revenue	105,129,672	41,405,850	146,535,522	49,536,139	14,252,316	63,788,455	-	-	210,323,977
Obligations Under Charitable Gift Annuities	-	-	-	72,310	-	72,310	-	-	72,310
Other Liabilities	1,500,000	-	1,500,000	-	-	-	-	-	1,500,000
Total Liabilities	295,121,795	82,178,792	377,300,587	146,853,749	58,359,468	205,213,217	10,717,931	(10,367,495)	582,864,240
NET ASSETS (DEFICIT)									
Without Donor Restrictions	(22,387,275)	3,753,089	(18,634,186)	14,930,079	(29,188,242)	(14,258,163)	1,165,498	-	(31,726,851)
With Donor Restrictions	21,365,357	4,662,228	26,027,585	16,471,354	991,627	17,462,981	-	-	43,490,566
Total Net Assets (Deficit)	(1,021,918)	8,415,317	7,393,399	31,401,433	(28,196,615)	3,204,818	1,165,498	-	11,763,715
Total Liabilities and Net Assets (Deficit)	\$ 294,099,877	\$ 90,594,109	\$ 384,693,986	\$ 178,255,182	\$ 30,162,853	\$ 208,418,035	\$ 11,883,429	\$ (10,367,495)	\$ 594,627,955

ASBURY ATLANTIC, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
WITHOUT DONOR RESTRICTIONS BY LOCATION
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Total Maryland Obligated Group	Bethany Village	Springhill	Total Pennsylvania Obligated Group	Asbury Chandler Estate, LLC	Combining Entries	Total Asbury Atlantic, Inc.
REVENUES, GAINS, AND OTHER SUPPORT									
Resident Services Revenue	\$ 81,553,909	\$ 21,024,848	\$ 102,578,757	\$ 35,146,359	\$ 20,419,111	\$ 55,565,470	\$ 3,554,722	\$ -	\$ 161,698,949
Other Operating Revenue	1,747,269	271,327	2,018,596	2,096,510	616,089	2,712,599	11,083	-	4,742,278
Amortization of Entrance Fees	15,148,383	6,163,586	21,311,969	7,233,627	2,323,507	9,557,134	-	-	30,869,103
Interest and Dividend Income, Net	2,448,238	751,188	3,199,426	1,738,327	178,820	1,917,147	21,932	-	5,138,505
Net Realized Gain (Loss) on Investments	(1,060,380)	9,586	(1,050,794)	(177,199)	1,894	(175,305)	-	-	(1,226,099)
Net Unrealized Gain (Loss) on Equity Security Investments	7,044,266	659,694	7,703,960	4,231,441	179,016	4,410,457	-	-	12,114,417
Allocations from Asbury Foundation, Inc.	4,937,243	943,115	5,880,358	2,811,637	100,607	2,912,244	-	-	8,792,602
Total Revenues, Gains, and Other Support	111,818,928	29,823,344	141,642,272	53,080,702	23,819,044	76,899,746	3,587,737	-	222,129,755
EXPENSES									
Salaries	33,213,007	7,603,675	40,816,682	11,959,998	8,910,554	20,870,552	1,150,338	-	62,837,572
Employee Benefits	5,763,937	1,258,787	7,022,724	2,652,913	1,571,462	4,224,375	271,420	-	11,518,519
Contract Labor	3,845,894	1,190,379	5,036,273	2,785,090	1,967,980	4,753,070	-	-	9,789,343
Food Purchases	3,796,657	1,098,251	4,894,908	1,162,187	796,694	1,958,881	157,166	-	7,010,955
Medical Supplies and Other Resident Costs	2,910,584	721,579	3,632,163	1,059,647	740,676	1,800,323	136,058	-	5,568,544
General and Administrative	1,493,678	554,060	2,047,738	817,146	595,683	1,412,829	56,829	-	3,517,396
Building and Maintenance	9,906,782	2,572,243	12,479,025	4,637,994	1,832,445	6,470,439	616,997	-	19,566,461
Professional Fees and Insurance	1,054,928	309,655	1,364,583	521,606	290,493	812,099	72,847	-	2,249,529
Interest	4,541,276	755,987	5,297,263	3,560,200	1,143,041	4,703,241	309,626	-	10,310,130
Taxes	2,171,656	772,660	2,944,316	1,131,481	214,039	1,345,520	125,614	-	4,415,450
Provision for Credit Losses	857,486	89,896	947,382	171,099	96,665	267,764	10,811	-	1,225,957
Depreciation and Amortization	16,227,887	3,722,022	19,949,909	5,919,755	2,374,239	8,293,994	599,968	-	28,843,871
Service and Other Fees	10,849,419	2,580,459	13,429,878	4,077,553	2,203,202	6,280,755	136,659	-	19,847,292
Total Expenses	96,633,191	23,229,653	119,862,844	40,456,669	22,737,173	63,193,842	3,644,333	-	186,701,019
INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED LOSS ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS AND LOSS ON DISPOSAL OF ASSETS	15,185,737	6,593,691	21,779,428	12,624,033	1,081,871	13,705,904	(56,596)	-	35,428,736

ASBURY ATLANTIC, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
WITHOUT DONOR RESTRICTIONS BY LOCATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Total Maryland Obligated Group	Bethany Village	Springhill	Total Pennsylvania Obligated Group	Asbury Chandler Estate, LLC	Combining Entries	Total Asbury Atlantic, Inc.
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS									
Income (Loss) from Operations Prior to Net Unrealized Loss on Change in Market Value of Derivative Instruments and Loss on Disposal of Assets	\$ 15,185,737	\$ 6,593,691	\$ 21,779,428	\$ 12,624,033	\$ 1,081,871	\$ 13,705,904	\$ (56,596)	\$ -	\$ 35,428,736
Net Unrealized Loss on Change in Market Value of Derivative Instruments	(89,511)	-	(89,511)	(710,805)	(244,296)	(955,101)	(239,248)	-	(1,283,860)
Loss on Disposal of Assets	(106,332)	-	(106,332)	-	-	-	(178,911)	-	(285,243)
INCOME (LOSS) FROM OPERATIONS	14,989,894	6,593,691	21,583,585	11,913,228	837,575	12,750,803	(474,755)	-	33,859,633
OTHER COMPREHENSIVE INCOME (LOSS)									
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	192,374	14,250	206,624	(21,616)	5,771	(15,845)	-	-	190,779
Net Assets Released from Restrictions Used for Purchase of Capital Items	225,984	16,917	242,901	1,040,877	47,461	1,088,338	-	-	1,331,239
Net Asset Transfer	-	-	-	-	-	-	1,640,253	-	1,640,253
Transfers to ACOMM	(500,000)	(116,250)	(616,250)	(244,000)	(75,750)	(319,750)	-	-	(936,000)
Changes in Net Assets (Deficit) Without Donor Restrictions	14,908,252	6,508,608	21,416,860	12,688,489	815,057	13,503,546	1,165,498	-	36,085,904
NET ASSETS WITH DONOR RESTRICTIONS									
Net Assets Released from Restrictions Used for Purchase of Capital Items	(225,984)	(16,917)	(242,901)	(1,040,877)	(47,461)	(1,088,338)	-	-	(1,331,239)
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	623,172	181,004	804,176	1,440,515	113,736	1,554,251	-	-	2,358,427
Changes in Value of Deferred-Giving Arrangements	-	-	-	(52,561)	-	(52,561)	-	-	(52,561)
Changes in Net Assets With Donor Restrictions	397,188	164,087	561,275	347,077	66,275	413,352	-	-	974,627
CHANGES IN NET ASSETS (DEFICIT)	15,305,440	6,672,695	21,978,135	13,035,566	881,332	13,916,898	1,165,498	-	37,060,531
Net Assets (Deficit) - Beginning of Year	(16,327,358)	1,742,622	(14,584,736)	18,365,867	(29,077,947)	(10,712,080)	-	-	(25,296,816)
NET ASSETS (DEFICIT) - END OF YEAR	\$ (1,021,918)	\$ 8,415,317	\$ 7,393,399	\$ 31,401,433	\$ (28,196,615)	\$ 3,204,818	\$ 1,165,498	\$ -	\$ 11,763,715

ASBURY ATLANTIC, INC.
STATEMENT OF CASH FLOWS BY LOCATION
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Total Maryland Obligated Group	Bethany Village	Springhill	Total Pennsylvania Obligated Group	Asbury Chandler Estate, LLC	Total Asbury Atlantic, Inc.
CASH FLOWS FROM OPERATING ACTIVITIES								
Changes in Net Assets (Deficit)	\$ 15,305,440	\$ 6,672,695	\$ 21,978,135	\$ 13,035,566	\$ 881,332	\$ 13,916,898	\$ 1,165,498	\$ 37,060,531
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities:								
Provision for Credit Losses	857,486	89,896	947,382	171,099	96,665	267,764	10,811	1,225,957
Depreciation and Amortization of Deferred Marketing Costs	16,134,794	3,707,324	19,842,118	5,904,650	2,371,814	8,276,464	592,583	28,711,165
Amortization of Deferred Financing Costs	111,352	16,099	127,451	82,287	24,306	106,593	4,373	238,417
Amortization of Bond Premium/Discount	(514,892)	(50,661)	(565,553)	(169,694)	(45,303)	(214,997)	-	(780,550)
Amortization of Right-Of-Use Asset	93,093	14,698	107,791	15,105	2,425	17,530	7,385	132,706
Amortization of Entrance Fees	(15,148,383)	(6,163,586)	(21,311,969)	(7,233,627)	(2,323,507)	(9,557,134)	-	(30,869,103)
Net Proceeds from Nonrefundable Entrance Fees	23,673,440	9,053,784	32,727,224	12,227,614	4,970,765	17,198,379	-	49,925,603
Net Unrealized Gain on Investments	(7,236,640)	(673,944)	(7,910,584)	(4,209,825)	(184,787)	(4,394,612)	-	(12,305,196)
Net Realized (Gain) Loss on Investments	1,060,380	(9,586)	1,050,794	177,199	(1,894)	175,305	-	1,226,099
Loss on Disposal of Assets	106,332	-	106,332	-	-	-	178,911	285,243
Net Unrealized Loss on Change in Market Value of Derivative Instruments	89,511	-	89,511	710,805	244,296	955,101	239,248	1,283,860
Changes in Beneficial Interest in Net Assets of Foundation	(397,188)	(164,087)	(561,275)	(399,638)	(66,275)	(465,913)	-	(1,027,188)
Transfers to ACOMM	500,000	116,250	616,250	244,000	75,750	319,750	-	936,000
Changes in Value of Obligations under Charitable Gift Annuities	-	-	-	52,561	-	52,561	-	52,561
Net Asset Transfer	-	-	-	-	-	-	(1,640,253)	(1,640,253)
Changes in Assets and Liabilities:								
Accounts Receivable	(332,875)	(140,749)	(473,624)	(47,339)	47,296	(43)	(69,073)	(542,740)
Other Receivables and Prepaid Expenses	342,461	(192,302)	150,159	92,465	(100,727)	(8,262)	6,398	148,295
Deferred Entrance Fees	3,804,877	(416,474)	3,388,403	129,120	(57,360)	71,760	-	3,460,163
Other Assets	(5,360)	(914)	(6,274)	-	2,952	2,952	-	(3,322)
Deferred Revenue	(1,671,809)	(1,126,793)	(2,798,602)	(465,800)	(343,904)	(809,704)	(4,513)	(3,612,819)
Accounts Payable and Accrued Expenses	149,891	203,082	352,973	54,029	16,634	70,663	(33,893)	389,743
Accrued Interest Payable	(160,565)	(16,186)	(176,751)	(37,258)	(10,280)	(47,538)	(425)	(224,714)
Net Cash Provided by Operating Activities	36,761,345	10,918,546	47,679,891	20,333,319	5,600,198	25,933,517	457,050	74,070,458

ASBURY ATLANTIC, INC.
STATEMENT OF CASH FLOWS BY LOCATION (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Total Maryland Obligated Group	Bethany Village	Springhill	Total Pennsylvania Obligated Group	Asbury Chandler Estate, LLC	Total Asbury Atlantic, Inc.
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property and Equipment, Net	\$ (9,157,348)	\$ (2,759,707)	\$ (11,917,055)	\$ (8,413,477)	\$ (1,404,865)	\$ (9,818,342)	\$ (150,744)	\$ (21,886,141)
Purchases of Investments	(14,873,961)	(3,377,086)	(18,251,047)	(6,982,594)	(401,887)	(7,384,481)	-	(25,635,528)
Sales of Investments	2,192,881	803,216	2,996,097	4,610,666	497,158	5,107,824	-	8,103,921
Funds Held in Trust	-	-	-	(187,299)	-	(187,299)	-	(187,299)
Cash Received Upon Net Asset Transfer	-	-	-	-	-	-	1,355,990	1,355,990
Net Cash Provided (Used) by Investing Activities	<u>(21,838,428)</u>	<u>(5,333,577)</u>	<u>(27,172,005)</u>	<u>(10,972,704)</u>	<u>(1,309,594)</u>	<u>(12,282,298)</u>	<u>1,205,246</u>	<u>(38,249,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Refundable Entrance Fees and Refundable Deposits	3,077,220	3,531,700	6,608,920	777,080	539,300	1,316,380	-	7,925,300
Refunds from Refundable Entrance Fees and Refundable Deposits	(16,258,359)	(3,796,524)	(20,054,883)	(3,217,538)	(3,147,955)	(6,365,493)	12,269	(26,408,107)
Payments on Long-Term Debt	(7,105,725)	(706,478)	(7,812,203)	(3,079,321)	(1,108,747)	(4,188,068)	(278,014)	(12,278,285)
Payments on Obligations Under Deferred-Giving Arrangements	-	-	-	(60,785)	-	(60,785)	-	(60,785)
Payments on Finance Leases	(68,276)	(7,813)	(76,089)	(15,117)	(2,534)	(17,651)	(7,291)	(101,031)
Change in Due to ACOMM, Net	5,176,732	(4,389,502)	787,230	(3,040,387)	(421,093)	(3,461,480)	(20,998)	(2,695,248)
Transfers to ACOMM	(500,000)	(116,250)	(616,250)	(244,000)	(75,750)	(319,750)	-	(936,000)
Net Cash Used by Financing Activities	<u>(15,678,408)</u>	<u>(5,484,867)</u>	<u>(21,163,275)</u>	<u>(8,880,068)</u>	<u>(4,216,779)</u>	<u>(13,096,847)</u>	<u>(294,034)</u>	<u>(34,554,156)</u>
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(755,491)</u>	<u>100,102</u>	<u>(655,389)</u>	<u>480,547</u>	<u>73,825</u>	<u>554,372</u>	<u>1,368,262</u>	<u>1,267,245</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>37,374,638</u>	<u>6,553,910</u>	<u>43,928,548</u>	<u>15,376,563</u>	<u>4,224,614</u>	<u>19,601,177</u>	<u>-</u>	<u>63,529,725</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 36,619,147</u>	<u>\$ 6,654,012</u>	<u>\$ 43,273,159</u>	<u>\$ 15,857,110</u>	<u>\$ 4,298,439</u>	<u>\$ 20,155,549</u>	<u>\$ 1,368,262</u>	<u>\$ 64,796,970</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	<u>\$ 5,105,381</u>	<u>\$ 806,735</u>	<u>\$ 5,912,116</u>	<u>\$ 3,684,865</u>	<u>\$ 1,174,318</u>	<u>\$ 4,859,183</u>	<u>\$ 305,678</u>	<u>\$ 11,076,977</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.