



April 28, 2025

Commonwealth of Pennsylvania  
Continuing Care Retirement Communities  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, PA 17120

Enclosed you will find the Year 2024 Disclosure Statement for Bethany Village Retirement Center.

Please contact me directly if you have any questions regarding this submission. I can be reached at 717-591-8027. Thank you.

Sincerely yours,

Brian D. Grundusky  
Executive Director, Bethany Village

**Barris, Debbie (BV)**

---

**From:** donotreply@snappayglobal.com  
**Sent:** Friday, April 11, 2025 5:26 PM  
**To:** Fristoe, Jill  
**Subject:** Invoice Payment Notification



**Invoice Payment Notification**

Account : 1000886781 - Commonwealth of Pennsylvania – Office of Budget - Comptroller Operations  
Customer : 910035 - ASBURY ATLANTIC INC  
Company : COPA - COPA  
Currency : USD  
Transaction Amount : 750.00  
Paid On : 4/11/2025 5:14:43 PM  
Total Invoice : 1

**Payment Summary**

Type	Last 4	PG Transaction ID	Transaction Amount	Return Description
Checking Account	6875	1400310000038428328266	750.00	Transaction successful.

**Invoice Summary**

Invoice	Invoice Type	Pay Item	Original Invoice Amount	Current Open Amount	Paid Amount	Discount Taken	Remaining
1803191000	DX	001	750.00	750.00	750.00	0.00	

Click here to Sign In to [SnapPay](#)

Contact Information

---

Customer Service: [717-425-6724](tel:717-425-6724) For further assistance, please email Email: [Customer Service](#)



Mr. Michael Humphreys  
Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

Dear Commissioner Humphreys:

We have audited, in accordance with U.S. generally accepted auditing standards, the combined financial statements of the Pennsylvania Obligated Group of Asbury Atlantic, Inc. which consists of Bethany Village and Springhill for the year ended December 31, 2024, and have issued our report thereon dated April 17, 2025. In connection therewith, we advise you as follows:

- a. We are independent certified public accountants with respect to The Pennsylvania Obligated Group of Asbury Atlantic, Inc. and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Pennsylvania Board of Public Accountancy.
- b. The engagement principal, who is a certified public accountant, has 17 years of experience in public accounting and three years as a nonprofit senior living CFO, and is experienced in auditing continuing care retirement communities. Members of the engagement team, some of whom have had experience in auditing continuing care retirement communities and 50% of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.
- c. We understand that the Pennsylvania Obligated Group of Asbury Atlantic, Inc. intends to file the audited financial statements of the Pennsylvania Obligated Group of Asbury Atlantic, Inc. and our report thereon with the Commonwealth of Pennsylvania Insurance Department (the Insurance Department) and that the Commonwealth of Pennsylvania Insurance Commissioner (the Insurance Commissioner) will be relying on that information in monitoring and regulating the financial condition of the Pennsylvania Obligated Group of Asbury Atlantic, Inc.

While we understand that an objective of issuing a report on the financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Pennsylvania Obligated Group of Asbury Atlantic, Inc. and the Insurance Commissioner should understand that the objectives of an audit of financial statements in accordance with U.S. generally accepted auditing standards is to form an opinion and issue a report on whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in net deficit, and cash flows in conformity with U.S. generally accepted accounting principles.

We have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material errors or misstatements caused by fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would have been assessed differently by the Insurance Commissioner.

It is the responsibility of the management of the Pennsylvania Obligated Group of Asbury Atlantic, Inc. to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles.

The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of continuing care retirement communities and should not rely solely upon the independent auditors' report.

- d. We will retain the workpapers prepared in the conduct of our audit until the Insurance Department has filed a Report of Examination covering 2024, but no longer than seven years. After notification to the Pennsylvania Obligated Group of Asbury Atlantic, Inc., we will make the workpapers available for review by the Insurance Department at the offices of the Pennsylvania Obligated Group of Asbury Atlantic, Inc., at our offices, at the Insurance Department or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit workpapers may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.
- e. The engagement principal has served in that capacity with respect to the Pennsylvania Obligated Group of Asbury Atlantic, Inc. since the year ended December 31, 2023, and is an active, licensed Certified Public Accountant, and is a member in good standing of the American Institute of Certified Public Accountants.
- f. To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the NAIC's *Model Rule (Regulation) Requiring Annual Audited Financial Reports* regarding qualifications of independent certified public accountants.

Mr. Michael Humphreys  
Commonwealth of Pennsylvania  
Page 3

This report is intended solely for the information and use of the board of directors and management of the Pennsylvania Obligated Group of Asbury Atlantic, Inc. and the Insurance Department, and is not intended to be and should not be used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

A handwritten signature in black ink, appearing to read 'J.H.T.H.', is positioned below the firm name.

Jonathan Hansen, CPA

Timonium, Maryland  
April 17, 2025

**Bethany Village  
Pro Forma Operating Statement  
Year ending December 31, 2025**

**Budget  
2025**

<u>Revenue, gains and other support</u>	
Resident service revenue	\$ 39,403,697
Contractual adjustments	\$ (3,117,302)
Benevolent care	\$ (930,000)
Other operating revenue	\$ 502,523
Net resident service revenue	\$ 35,858,918
Amortization of entrance fees	\$ 6,550,256
Interest and dividend income, net	\$ 1,570,796
Net realized gains (loss) on investments	\$ (25,730)
Net investment revenue	\$ 1,545,066
Allocations from Asbury Foundation	\$ 1,101,078
<b>Total revenue, gains and other support</b>	<b>\$ 45,055,318</b>
 <u>Expenses</u>	
Salaries	\$ 12,929,418
Employee benefits	\$ 3,371,750
Contract labor	\$ 1,664,738
Food purchases	\$ 1,300,372
Medical supplies and other resident costs	\$ 1,129,335
General and administrative	\$ 911,698
Building and maintenance	\$ 4,519,293
Insurance	\$ 573,388
Interest	\$ 3,815,943
Taxes	\$ 1,141,055
Provision for credit losses	\$ 168,000
Depreciation and amortization	\$ 6,072,188
Service and other fees	\$ 4,047,582
<b>Total operating expenses</b>	<b>\$ 41,644,760</b>
Income (loss) from operations	\$ 3,410,558
Transfers of Capital - Asbury Parent	\$ (244,000)
Transfers of Capital - Foundation	\$ 1,000,000
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ 4,166,558</b>

**Combined Bethany Village & Springhill  
Operating Statement  
Year Ending December 31, 2024**

	Bethany 2024	Springhill 2024	Audit Combined 2024
<b>Revenue, gains and other support</b>			
Resident service revenue	\$ 37,952,019	\$ 21,346,982	\$ 59,299,001
Contractual adjustments	\$ (2,620,038)	\$ (2,256,971)	\$ (4,877,009)
Benevolent care	\$ (963,381)	\$ (191,277)	\$ (1,154,658)
Other operating revenue	\$ 436,071	\$ 102,152	\$ 538,223
<b>Net resident service revenue</b>	<b>\$ 34,804,671</b>	<b>\$ 19,000,886</b>	<b>\$ 53,805,557</b>
Amortization of entrance fees	\$ 6,555,776	\$ 1,909,189	\$ 8,464,965
Interest and dividend income, net	\$ 1,761,435	\$ 223,507	\$ 1,984,942
Net realized gains on investments	\$ 2,773,165	\$ 208,803	\$ 2,981,968
Net unrealized gain (loss) on equity security investments	\$ (957,857)	\$ 41,789	\$ (916,068)
<b>Net investment revenue</b>	<b>\$ 3,576,743</b>	<b>\$ 474,099</b>	<b>\$ 4,050,842</b>
Allocations from Asbury Foundation	\$ 1,862,592	\$ 522,874	\$ 2,385,466
<b>Total revenue, gains and other support</b>	<b>\$ 46,799,782</b>	<b>\$ 21,907,048</b>	<b>\$ 68,706,830</b>
<b>Expenses</b>			
Salaries	\$ 12,236,975	\$ 9,046,925	\$ 21,283,900
Employee benefits	\$ 3,491,536	\$ 1,735,028	\$ 5,226,564
Contract labor	\$ 2,520,973	\$ 1,400,026	\$ 3,920,999
Food purchases	\$ 1,142,251	\$ 765,833	\$ 1,908,084
Medical supplies and other resident costs	\$ 1,047,863	\$ 615,997	\$ 1,663,860
General and administrative	\$ 622,802	\$ 444,073	\$ 1,066,875
Building and maintenance	\$ 4,300,114	\$ 1,918,447	\$ 6,218,561
Insurance	\$ 501,996	\$ 287,573	\$ 789,569
Interest	\$ 3,771,257	\$ 1,079,543	\$ 4,850,800
Taxes	\$ 1,104,947	\$ 213,457	\$ 1,318,404
Provision for credit losses	\$ 101,877	\$ (59,366)	\$ 42,511
Depreciation and amortization	\$ 5,619,369	\$ 2,249,614	\$ 7,868,983
Service and other fees	\$ 3,733,962	\$ 2,219,410	\$ 5,953,372
<b>Total operating expenses</b>	<b>\$ 40,195,922</b>	<b>\$ 21,916,560</b>	<b>\$ 62,112,482</b>
Income (loss) from operations prior to Net Unrealized Loss on Change in market value of Derivative Instruments	\$ 6,603,860	\$ (9,512)	\$ 6,594,348
Net Unrealized Loss on Change in market value of Derivative Instruments	\$ 439,732	\$ 32,289	\$ 472,021
<b>Income (loss) from operations</b>	<b>\$ 7,043,592</b>	<b>\$ 22,777</b>	<b>\$ 7,066,369</b>
<b>Nonoperating gains (losses)</b>			
Unrealized gains (losses) on fixed income securities and other investments	\$ 951,776	\$ 6,515	\$ 958,291
Transfers of capital - Asbury Parent	\$ (183,000)	\$ (50,500)	\$ (233,500)
Transfers of capital - Foundation	\$ 1,441,108	\$ 24,451	\$ 1,465,559
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ 9,253,476</b>	<b>\$ 3,243</b>	<b>\$ 9,256,719</b>

**Bethany Village**  
**Statement of Material Differences of Actual vs. Budget**  
**Year Ending December 31, 2024**

	<u>Audit</u> <u>2024</u>	<u>Budget</u> <u>2024</u>	<u>Dollar</u> <u>Variance</u>	<u>Percent</u> <u>Variance</u>	<u>Note</u>
<b>Revenue, gains and other support</b>					
Resident service revenue	\$ 37,952,019	\$ 38,212,777	\$ (260,758)	-0.7%	1
Contractual adjustments	\$ (2,620,038)	\$ (2,862,654)	\$ 242,616	8.5%	1
Benevolent care	\$ (963,381)	\$ (1,046,420)	\$ 83,039	7.9%	2
Other operating revenue	\$ 436,071	\$ 462,647	\$ (26,576)	-5.7%	
Net resident service revenue	\$ 34,804,671	\$ 34,766,350	\$ 38,321		
Amortization of entrance fees	\$ 6,555,776	\$ 6,071,707	\$ 484,069	8.0%	3
Interest and dividend income, net	\$ 1,761,435	\$ 1,279,688	\$ 481,747	37.6%	4
Net realized gains on investments	\$ 2,773,165	\$ (52,478)	\$ 2,825,643	5384.4%	5
Net unrealized gain (loss) on equity security investments	\$ (957,857)	\$ -	\$ (957,857)	-100.0%	5
Net investment revenue	\$ 3,576,743	\$ 1,227,210	\$ 2,349,533		
Allocations from Asbury Foundation	\$ 1,862,592	\$ 1,078,517	\$ 784,075	72.7%	6
<b>Total revenue, gains and other support</b>	<b>\$ 46,799,782</b>	<b>\$ 43,143,784</b>	<b>\$ 3,655,998</b>		
<b>Expenses</b>					
Salaries	\$ 12,236,975	\$ 12,653,557	\$ 416,582	3.3%	7
Employee benefits	\$ 3,491,536	\$ 3,022,001	\$ (469,535)	-15.5%	8
Contract labor	\$ 2,520,973	\$ 2,337,239	\$ (183,734)	-7.9%	9
Food purchases	\$ 1,142,251	\$ 1,258,860	\$ 116,609	9.3%	10
Medical supplies and other resident costs	\$ 1,047,863	\$ 1,089,844	\$ 41,981	3.9%	
General and administrative	\$ 622,802	\$ 758,262	\$ 135,460	17.9%	11
Building and maintenance	\$ 4,300,114	\$ 4,350,955	\$ 50,841	1.2%	
Insurance	\$ 501,996	\$ 387,818	\$ (114,178)	-29.4%	12
Interest	\$ 3,771,257	\$ 3,803,136	\$ 31,879	0.8%	
Taxes	\$ 1,104,947	\$ 1,038,795	\$ (66,152)	-6.4%	13
Provision for credit losses	\$ 101,877	\$ 118,000	\$ 16,123	13.7%	
Depreciation and amortization	\$ 5,619,369	\$ 6,489,561	\$ 870,192	13.4%	14
Service and other fees	\$ 3,733,962	\$ 3,713,191	\$ (20,771)	-0.6%	
<b>Total operating expenses</b>	<b>\$ 40,195,922</b>	<b>\$ 41,021,218</b>	<b>\$ 825,296</b>		
Income (loss) from operations prior to Net Unrealized Loss on Change in market value of Derivative Instruments	\$ 6,603,860	\$ 2,122,566	\$ 4,481,294		
Net Unrealized Loss on Change in market value of Derivative Instruments	\$ 439,732	\$ -	\$ 439,732		
Income (loss) from operations	\$ 7,043,592	\$ 2,122,566	\$ 4,921,026		
<b>Nonoperating gains (losses)</b>					
Unrealized gains (losses) on fixed income securities and other investments	\$ 951,776	\$ -	\$ 951,776		
Transfer of Capital - Asbury Parent	\$ (183,000)	\$ (244,000)	\$ 61,000	25.0%	
Transfer of Capital - Foundation	\$ 1,441,108	\$ 3,700,000	\$ (2,258,892)	-100.0%	15
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ 9,253,476</b>	<b>\$ 5,578,566</b>	<b>\$ 3,674,910</b>		

**Bethany Village**  
**Narrative of material differences of actual vs. pro forma income statement**  
**Year Ending December 31, 2024**

- 1 The unfavorable variance in Resident service revenue combined with Contractual adjustments is due to lower therapy revenue offset by favorable occupancy at all levels of care.**
- 2 The favorable variance is due to less residents receiving benevolent care than anticipated.**
- 3 The change in Amortization of entrance fees is affected at any given time by an increase in new residents offset by resident move-outs and deaths. There were more move-ins in 2024 with resident contracts containing a shorter refundable period.**
- 4 The favorable variance to budget is mainly due to dividends received from our insurance provider being significantly larger than expected. Also, interest earned on both investments and bond funds were greater than expected.**
- 5 Unrealized and realized gains (losses) are a result of holding and selling investments in order to maintain a balanced portfolio in accordance with the approved investment policy. The amount of unrealized and realized gains (losses) will fluctuate from year to year given market conditions. The only item budgeted within the Net realized gain on investments line is investment fees.**
- 6 The amount is an allocation from the Asbury Foundation, which includes contributions net of direct expenses. Amounts allocated will vary based on the timing of contributions received by the Asbury Foundation.**
- 7 The favorable variance in Salaries is due to the overall associate count being less than budgeted, particularly for nursing, dining and maintenance. The favorability is partially offset by increased overtime costs, mainly in the nursing department.**
- 8 Employee benefits is unfavorable primarily due to health insurance claims being higher than anticipated, combined with unbudgeted state unemployment tax charges. These charges are offset by less employer related taxes being incurred due to actual associates being less than budgeted.**
- 9 The unfavorable variance in Contract Labor is due to open positions and the tight labor market driving the need for agency staffing in nursing.**
- 10 A dining room was closed for an extended period of time for renovations, combined with a budgeted event not occurring.**
- 11 Marketing costs were less than expected due to higher occupancy at all levels of care.**
- 12 The property insurance coverage premium from the insurance broker was higher than anticipated.**
- 13 Actual property tax bills were higher than anticipated due to increased rates.**
- 14 Depreciation expense is impacted by the timing of new capital project completion and retirement of older items.**
- 15 The release of contributions received but restricted for capital projects will depend based on the timing of the capital expenditure. Less expenditures were incurred during the year, resulting in less contributions being released than expected.**

**PENNSYLVANIA OBLIGATED GROUP OF  
ASBURY ATLANTIC, INC.**

**COMBINED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>COMBINED FINANCIAL STATEMENTS</b>	
<b>COMBINED BALANCE SHEETS</b>	<b>4</b>
<b>COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT</b>	<b>6</b>
<b>COMBINED STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO COMBINED FINANCIAL STATEMENTS</b>	<b>9</b>
<b>OTHER FINANCIAL INFORMATION</b>	
<b>COMBINING BALANCE SHEET</b>	<b>42</b>
<b>COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	<b>44</b>



## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Pennsylvania Obligated Group of Asbury Atlantic, Inc.  
Frederick, Maryland

### **Report on the Audit of the Combined Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of Pennsylvania Obligated Group of Asbury Atlantic, Inc. (the Obligated Group), which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of operations and changes in net deficit and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Obligated Group as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Obligated Group and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 Combined Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Combined Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the 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 the Obligated Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Obligated Group's ability to continue as a going concern for a reasonable period of time.

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

Audit Committee  
Asbury Communities, Inc.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The other financial information included in the combining balance sheet and the combining statement of operations and changes in net deficit without donor restrictions is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Timonium, Maryland  
April 17, 2025

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.  
COMBINED BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023**

<b>ASSETS</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,112,001	\$ 2,442,170
Investments	8,155,294	8,765,817
Accounts Receivable	2,565,424	2,263,306
Allowance for Credit Losses	(501,427)	(598,990)
Other Receivables and Prepaid Expenses	1,671,383	2,153,694
Investments Held under Bond Indenture	2,859,200	2,854,637
Total Current Assets	<u>17,861,875</u>	<u>17,880,634</u>
Due from ACOMM, Net	22,564,657	23,236,124
Property, Plant, and Equipment, Net	103,415,017	93,369,958
Right-of-Use Assets - Operating Leases, Net	297,946	498,716
Right-of-Use Assets - Finance Leases, Net	5,430	11,250
Investments Restricted by Donors	16,664,382	14,886,535
Deposits and Other Assets	11,211	9,509
Investments Held under Bond Indenture	7,863,959	7,921,327
Statutory Reserves	5,766,017	5,187,489
Investments Restricted by Board	3,899,639	3,487,478
Beneficial Interest in Net Assets of the Asbury Foundation, Inc.	9,700,251	10,425,098
Valuation of Derivative Instrument	<u>2,544,232</u>	<u>2,072,211</u>
Total Assets	<u>\$ 190,594,616</u>	<u>\$ 178,986,329</u>

*See accompanying Notes to Combined Financial Statements.*

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**COMBINED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2024 AND 2023**

<b>LIABILITIES AND NET DEFICIT</b>	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 484,656	\$ 361,326
Accrued Interest Payable	1,945,819	1,973,027
Obligations under Charitable Gift Annuities	61,303	74,702
Deposits from Prospective Residents	1,455,756	1,155,595
Entrance Fees - Refundable	848,703	705,114
Deferred Revenue	731,397	637,407
Current Portion of Lease Liabilities - Operating Leases	183,668	206,932
Current Portion of Lease Liabilities - Finance Leases	5,538	5,824
Current Portion of Long-Term Debt	<u>3,618,100</u>	<u>2,990,000</u>
Total Current Liabilities	9,334,940	8,109,927
Long-Term Lease Liabilities - Operating Leases, Net of Current	114,278	291,784
Long-Term Lease Liabilities - Finance Leases, Net of Current	-	5,538
Long-Term Debt, Net of Current	111,689,038	107,846,854
Contingent Refundable Entrance Fee Liability	23,308,537	26,084,646
Entrance Fees - Deferred Revenue	56,780,059	55,750,593
Obligations under Charitable Gift Annuities	<u>79,844</u>	<u>116,865</u>
Total Liabilities	201,306,696	198,206,207
<b>NET ASSETS (DEFICIT)</b>		
Without Donor Restrictions	(27,761,709)	(37,018,428)
With Donor Restrictions	<u>17,049,629</u>	<u>17,798,550</u>
Total Net Deficit	<u>(10,712,080)</u>	<u>(19,219,878)</u>
Total Liabilities and Net Deficit	<u>\$ 190,594,616</u>	<u>\$ 178,986,329</u>

See accompanying Notes to Combined Financial Statements.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.  
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Net Resident Services Revenue	\$ 53,267,334	\$ 52,492,120
Other Operating Revenue	538,223	3,007,110
Amortization of Entrance Fees	8,464,965	7,844,737
Interest and Dividend Income, Net	1,984,942	1,469,405
Net Realized Gain (Loss) on Investments	2,981,968	(214,288)
Net Unrealized Gain (Loss) on Equity Security Investments	(916,068)	2,628,056
Allocations from Asbury Foundation, Inc.	2,385,466	3,723,985
Total Revenues, Gains, and Other Support	68,706,830	70,951,125
<b>EXPENSES</b>		
Salaries	21,283,900	20,366,341
Employee Benefits	5,226,564	5,018,244
Contract Labor	3,920,999	4,963,381
Food Purchases	1,908,084	1,705,039
Medical Supplies and Other Resident Costs	1,663,860	1,673,877
General and Administrative	1,066,875	1,155,603
Building and Maintenance	6,218,561	6,392,706
Professional Fees and Insurance	789,569	627,104
Interest	4,850,800	4,508,513
Taxes	1,318,404	1,239,711
Provision for Credit Losses	42,511	432,756
Depreciation and Amortization	7,868,983	7,403,542
Service and Other Fees	5,953,372	5,640,511
Total Expenses	62,112,482	61,127,328
<b>INCOME FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS AND GAIN ON DISPOSAL OF FIXED ASSETS</b>	6,594,348	9,823,797
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	472,021	(207,663)
Gain on Disposal of Fixed Assets	-	4,092,268
<b>INCOME FROM OPERATIONS</b>	7,066,369	13,708,402

See accompanying Notes to Combined Financial Statements.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>		
Income from Operations	\$ 7,066,369	\$ 13,708,402
Transfer to ACOMM	(233,500)	(233,500)
Net Unrealized Gain on Fixed Income Securities and Other Investments	958,291	107,434
Net Assets Released from Restrictions Used for Purchase of Capital Items	1,465,559	284,981
Net Decrease in Net Deficit Without Donor Restrictions	9,256,719	13,867,317
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Net Assets Released from Restrictions Used for Purchase of Capital Items	(1,465,559)	(284,981)
Change in Beneficial Interest in Net Assets of Foundation	740,712	1,685,821
Changes in Value of Deferred-Giving Arrangements	(24,074)	(33,424)
Net Increase (Decrease) in Net Assets With Donor Restrictions	(748,921)	1,367,416
<b>CHANGES IN NET DEFICIT</b>	8,507,798	15,234,733
Net Deficit - Beginning of Year	(19,219,878)	(34,454,611)
<b>NET DEFICIT - END OF YEAR</b>	\$ (10,712,080)	\$ (19,219,878)

See accompanying Notes to Combined Financial Statements.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Deficit	\$ 8,507,798	\$ 15,234,733
Adjustments to Reconcile Changes in Net Deficit to		
Net Cash Provided by Operating Activities:		
Provision for Credit Losses	42,511	432,756
Depreciation and Amortization	7,863,162	7,397,721
Amortization of Right-of-Use Asset	5,821	5,821
Amortization of Deferred Financing Costs	106,594	106,555
Amortization of Bond Premium/Discount	(214,997)	(214,997)
Amortization of Entrance Fees	(8,464,965)	(7,844,737)
Net Proceeds from Nonrefundable Entrance Fees	9,718,180	12,837,177
Net Unrealized Gain on Investments	(42,223)	(2,735,490)
Net Realized (Gain) Loss on Investments	(2,981,968)	214,288
Gain on Disposal of Assets	-	(4,092,268)
Changes in Beneficial Interest in Net Assets of Foundation	724,847	(1,400,840)
Transfers to ACOMM	233,500	233,500
Changes in Value of Obligations Under Charitable Gift Annuities	24,074	33,424
Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instrument	(472,021)	207,663
Changes in Assets and Liabilities:		
Accounts Receivable	(442,192)	(492,290)
Other Receivables and Prepaid Expenses	(22,329)	159,202
Deferred Entrance Fees	504,640	(589,560)
Other Assets	(1,702)	1,496
Deferred Revenue	237,579	343,165
Accounts Payable and Accrued Expenses	123,330	(374,854)
Accrued Interest Payable	(27,208)	7,728
Net Cash Provided by Operating Activities	15,422,431	19,470,193
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment, Net	(17,908,221)	(4,162,187)
Purchases of Investments	(25,926,625)	(11,238,173)
Sales of Investments	27,371,331	6,090,040
Net Cash Used by Investing Activities	(16,463,515)	(9,310,320)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Refundable Entrance Fees and Refundable Deposits	1,676,224	1,321,507
Refunds from Refundable Entrance Fees and Refundable Deposits	(4,375,921)	(3,532,311)
Proceeds from Issuance of Debt	8,029,603	7,055,473
Payments on Long-Term Debt	(3,450,916)	(2,865,000)
Payments for Deferred Financing Costs	-	(2,300)
Payments on Finance Leases	(5,825)	(5,709)
Payments on Obligations under Charitable Gift Annuities	(74,494)	(64,484)
Change in Due to ACOMM, Net	671,467	(13,361,589)
Transfers to ACOMM	(233,500)	(233,500)
Net Cash Provided (Used) by Financing Activities	2,236,638	(11,687,913)
<b>INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	1,195,554	(1,528,040)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	18,405,623	19,933,663
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 19,601,177	\$ 18,405,623
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 4,986,411	\$ 4,609,227
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Right-of-Use Asset Received in Exchange for Operating Leases	\$ 313,356	\$ 1,958
Right-of-Use Asset Received in Exchange for Finance Leases	\$ -	\$ 17,071

See accompanying Notes to Combined Financial Statements.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION**

The Pennsylvania Obligated Group of Asbury Atlantic, Inc. (the Obligated Group) consists of Bethany Village (BV) and Springhill (SH). BV and SH are operating entities of Asbury Atlantic, Inc. (Asbury Atlantic). Asbury Atlantic 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.

BV and SH are continuing-care retirement communities (CCRC) 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.

Any cash transferred from the Obligated Group to ACOMM during 2024 and 2023 should be deemed to be not required for operations, debt covenants, or regulatory requirements.

ACOMM serves as the supporting organization of Asbury Atlantic; Asbury Communities HCBS, Inc. (HCBS); Albright Care Services (Albright); Bethany Development Corp. (BDC); and Asbury Living, Inc. (Asbury Living). Asbury Atlantic has operating affiliates comprised of Asbury Methodist Village (AMV), Asbury Solomons, Inc. (AS), BV, and SH. Asbury Living has operating affiliates 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).

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Combination**

BV and SH are members of an obligated group acting as co-obligors on certain long-term debt. The accompanying combined financial statements include the accounts of BV and SH. All significant intercompany transactions have been eliminated in the combined financial statements.

**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.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents, and Restricted Cash**

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

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

	2024	2023
Cash	\$ 3,112,001	\$ 2,442,170
Restricted Cash Included in Current Investments		
Held under Bond Indenture	2,859,200	2,854,637
Restricted Cash Included in Long-Term Investments		
Held under Bond Indenture	7,863,959	7,921,327
Restricted Cash Included in Statutory Reserves	5,766,017	5,187,489
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 19,601,177</u>	<u>\$ 18,405,623</u>

**Accounts Receivable and Allowance for Credit Losses**

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

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

Under Medicare and Medicaid reimbursement and other third-party agreements, amounts collected for services to patients under these agreements are computed at contractually agreed-upon rates. Accounts receivable have been adjusted to reflect the difference between charges and the reimbursable amounts under these third-party contracts. Revenues from Medicare and Medicaid programs and other third-party agreements accounted for approximately 16% of total resident services revenues for both the years ended December 31, 2024 and 2023.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable and Allowance for Credit Losses (Continued)**

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, 2024 and 2023, the allowance for estimate of expected credit losses was \$501,427 and \$598,990, respectively.

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

	2024	2023
Balance, Beginning of Year	\$ 598,990	\$ 231,533
Provision for Losses	41,680	430,680
Amounts Written Off	(140,074)	(65,300)
Recoveries	831	2,077
Balance, End of Year	\$ 501,427	\$ 598,990

**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.

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.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income (Continued)**

Investment returns and related activity are allocated to the Obligated Group based on their proportion of their underlying holdings. The portion of investments that is available to fund current operating activities is included in current assets in the accompanying combined 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 the Obligated Group'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 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 Obligated Group evaluates whether any declines in the fair values of investments are other-than-temporary. This evaluation consists of a review of several factors, including, but not limited to, length of time and extent that a security has been in an unrealized loss position, the existence of an event that would impair the issuer's future earnings potential, the near-term prospects for recovery of the market value of a security and the intent and ability of the Obligated Group to hold the security until the market value recovers. Declines in fair value below cost that are deemed to be other-than-temporary are removed from unrealized changes in market value and are recorded as realized losses in the accompanying combined statements of operations and changes in net deficit.

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

**Strategies Employed for Achieving Objectives**

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Derivatives Policy – Debt**

The Obligated Group manages some of its exposure to interest rate volatility through use of interest rate swap contracts. These contracts qualify as derivative financial instruments. The book values of the derivative instruments are adjusted to their estimated fair values at each balance sheet date. The Obligated Group has determined that, for continuing operations, the Obligated Group's derivatives do not meet the criteria for hedge accounting and, therefore, the change in fair value of all of the derivative instruments are included within the Obligated Group's performance indicator, income (loss) 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 Obligated Group records an interest in the net assets of AFOUND resulting from contributions with donor restrictions that are solicited and held by AFOUND to be used for the benefit of the Obligated Group based on donor designation and intent.

**Leases**

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

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

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

**Property and Equipment**

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

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

The Obligated Group reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during 2024 and 2023.

**Advertising Expenses**

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the combined statements of operations and changes in net deficit. Advertising expense was \$141,050 and \$218,892 for the years ended December 31, 2024 and 2023, respectively.

**Deposits from Prospective Residents**

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

**Continuing Care Contracts**

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

Performance obligations are determined based on the nature of the services provided by the Obligated Group. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Obligated Group believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the facility.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident Services Revenue (Continued)**

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

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

The Obligated Group offers different resident entrance fee options.

BV offers a standard entrance fee (SEF) that amortizes over fifty (50) months, a fifty percent (50%) refundable entrance fee, an eighty percent (80%) refundable entrance fee, and a nonrefundable entrance fee (NREF). Previously, BV offered a twenty five percent (25%) refundable, a ninety percent (90%) refundable, a SEF that amortized over five (5) years, and a SEF that amortized over nine (9) years.

SH offers a SEF that amortizes over fifty (50) months, a fifty percent (50%) refundable entrance fee, and a NREF. Previously, SH offered a ninety percent (90%) refundable entrance fee, a one hundred percent (100%) refundable entrance fee for its Garden Home units only, and a SEF that amortized over five (5) years.

Under the current SEF that amortizes over fifty (50) months, the refund balance declines 2% per month over the fifty-month period. Under the prior SEF that amortizes over five (5) years, the refund balance declines 1.667% per month over the five-year period. Under the prior SEF that amortizes over nine (9) 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.

Refundable entrance fees are recorded in the accompanying combined balance sheets as current liabilities. The nonrefundable entrance fees are classified as deferred revenue and are recognized as revenue on a straight-line basis over each individual resident's expected remaining life, adjusted annually (time-based measurement).

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident Services Revenue (Continued)**

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 amount 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 receipt of a successor entrance fee, and the amount of refund is based upon the length of stay in the community.

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

	<u>2024</u>	<u>2023</u>
Entrance Fees - Refundable	\$ 848,703	\$ 705,114
Contingent Refundable Entrance Fee Liability	23,308,537	26,084,646
Entrance Fees - Deferred Revenue:		
25% to 90% Refundable Contracts	1,661,403	1,421,704
Standard Entry Fee Option Contracts:		
Nine-Year Contracts	633,668	801,973
Five-Year Contracts	52,717,365	52,948,867
Fifty-Month Contracts	1,288,013	-
Nonrefundable	479,610	578,049
Total Entrance Fees - Deferred Revenue	<u>56,780,059</u>	<u>55,750,593</u>
Total Entrance Fees	<u>\$ 80,937,299</u>	<u>\$ 82,540,353</u>

The Obligated Group also records 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.

The composition of resident services by primary payor for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Medicaid	\$ 5,484,628	\$ 5,503,705
Medicare	2,334,798	2,368,619
Managed Care	558,356	514,433
Private Pay	44,889,552	44,105,363
Total Resident Services Revenue	<u>\$ 53,267,334</u>	<u>\$ 52,492,120</u>

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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:

	2024		
	Bethany Village	Springhill	Total
<b>Service Lines:</b>			
Skilled Nursing Facility	\$ 12,579,599	\$ 10,146,546	\$ 22,726,145
Assisted Living	9,931,480	2,211,799	12,143,279
Independent Living	11,595,443	6,299,774	17,895,217
Retail Sales	262,078	240,615	502,693
Total	<u>\$ 34,368,600</u>	<u>\$ 18,898,734</u>	<u>\$ 53,267,334</u>
<b>Method of Reimbursement:</b>			
Fee for Services	\$ 34,106,522	\$ 18,658,119	\$ 52,764,641
Retail Sales	262,078	240,615	502,693
Total	<u>\$ 34,368,600</u>	<u>\$ 18,898,734</u>	<u>\$ 53,267,334</u>
<b>Timing of Revenue and Recognition:</b>			
Health Care Services Transferred Over Time	\$ 34,106,522	\$ 18,658,119	\$ 52,764,641
Sales at Point in Time	262,078	240,615	502,693
Total	<u>\$ 34,368,600</u>	<u>\$ 18,898,734</u>	<u>\$ 53,267,334</u>
	2023		
	Bethany Village	Springhill	Total
<b>Service Lines:</b>			
Skilled Nursing Facility	\$ 12,410,592	\$ 10,300,369	\$ 22,710,961
Assisted Living	9,719,817	2,321,779	12,041,596
Independent Living	11,204,207	6,032,679	17,236,886
Retail Sales	273,803	228,874	502,677
Total	<u>\$ 33,608,419</u>	<u>\$ 18,883,701</u>	<u>\$ 52,492,120</u>
<b>Method of Reimbursement:</b>			
Fee for Services	\$ 33,334,616	\$ 18,654,827	\$ 51,989,443
Retail Sales	273,803	228,874	502,677
Total	<u>\$ 33,608,419</u>	<u>\$ 18,883,701</u>	<u>\$ 52,492,120</u>
<b>Timing of Revenue and Recognition:</b>			
Health Care Services Transferred Over Time	\$ 33,334,616	\$ 18,654,827	\$ 51,989,443
Sales at Point in Time	273,803	228,874	502,677
Total	<u>\$ 33,608,419</u>	<u>\$ 18,883,701</u>	<u>\$ 52,492,120</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contract Costs**

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

**Benevolent Care**

The Obligated Group's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as benevolent care. Because the Obligated Group does not pursue collection of amounts determined to qualify as benevolent care, they are not reflected as revenue in the accompanying combined financial statements. Benevolent care provided to residents for the years ended December 31, 2024 and 2023 was \$1,154,658 and \$935,163, respectively.

**Occupancy Percentages**

During the years ended December 31, 2024 and 2023, 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:

	2024		2023	
	Bethany Village	Springhill	Bethany Village	Springhill
Total Skilled Nursing Center <b>Occupancy</b>	<b>96%</b>	<b>92%</b>	<b>96%</b>	<b>91%</b>
Medicaid	26%	46%	29%	42%
Medicare	8%	3%	7%	3%
Private Pay and Other	66%	51%	64%	55%

**Provider Relief Funds**

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

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Additionally, the U.S. Department of Homeland Security made available emergency relief grant funds through the Federal Emergency Management Agency (FEMA). Total grant funds approved and received by the Obligated Group for the years ended December 31, 2024 and 2023 was \$-0- and \$2,972,309, respectively. The PRF and FEMA funds are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Provider Relief Funds (Continued)**

At December 31, 2024, the Obligated Group reduced other operating revenue by \$2,058 and at December 31, 2023, the Obligated Group recognized \$2,537,128 as other operating revenue in the combined statements of operations and changes in net deficit. At December 31, 2024 and 2023, the Obligated Group recognized \$437,239 and \$435,181, respectively, as deferred revenue in the combined balance sheets. The Obligated Group believes the amounts have been recognized appropriately as of December 31, 2024 and 2023.

**Contributions**

Unconditional promises to give cash and other assets to the Obligated Group are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted support if they are received with 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 combined 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 combined statements of operations and changes in net deficit. Net assets with donor restrictions that are permanent in nature represent donor-restricted endowments to be held in perpetuity.

**Net Assets and Endowment Funds**

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

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

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

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets and Endowment Funds (Continued)**

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

**Income (Loss) from Operations**

The accompanying combined statements of operations and changes in net deficit include income (loss) from operations, which is the Obligated Group's performance indicator. Changes in net deficit without donor restrictions, which are excluded from the income (loss) from operations, consistent with industry practice, include net unrealized gain (loss) on fixed income securities and other investments, net assets released from restrictions for capital items, and permanent transfers of assets to and from ACOMM for other than goods and services.

**Tax Status**

The Obligated Group 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 the Obligated Group. This includes an independent review by the board's compensation committee of all compensation arrangements with disqualified persons and outside compensation consultants to provide independent third-party review and advisement, and the implementation of a detailed conflict-of-interest policy and annual disclosure process for all disqualified persons. The compensation committee also hires outside counsel to advise the Obligated Group on compliance.

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 Obligated Group's reassessment of its tax positions did not have a material impact on the Obligated Group's results of operations or financial position.

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

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

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

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

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

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

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

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

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

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

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

Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

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

**Subsequent Events**

In preparing these combined financial statements, the Obligated Group has evaluated events and transactions for potential recognition or disclosure through April 17, 2025, the date the combined financial statements were issued.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

As of December 31, 2024 and 2023, the Obligated Group has working capital of \$8,526,935 and \$9,770,707, respectively.

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

	2024	2023
Cash and Cash Equivalents	\$ 3,112,001	\$ 2,442,170
Investments	8,155,294	8,765,817
Accounts Receivable, Net	2,063,997	1,664,316
Other Receivables	1,671,383	2,153,694
Investments Held Under Bond Indenture	2,859,200	2,854,637
Total Financial Assets	<u>\$ 17,861,875</u>	<u>\$ 17,880,634</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Obligated Group 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 Obligated Group 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. The Obligated Group believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegation of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

*Medicare Reimbursement*

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

Nursing facilities licensed for participation in the Medicare and 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.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Medicare and Medicaid (Continued)**

*Medicaid Reimbursement*

The Commonwealth of Pennsylvania pays nursing facilities a prospective daily rate for Medical Assistance residents. 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 facility's Pennsylvania Medicaid residents and rebased annually on July 1 of each year. The Obligated Group has utilized actual rates in the preparation of the combined financial statements.

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

**Other**

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Obligated Group's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2024 or 2023.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Other (Continued)**

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Obligated Group estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit loss expense.

**Pennsylvania Department of Insurance Reserve Requirements**

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

The statutory minimum liquid reserve requirement for BV as of December 31, 2024 and 2023 is \$4,515,860 and \$4,019,931, 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>2024</u>	<u>2023</u>
Projected Annual Interest Expense	\$ 3,693,393	\$ 3,773,089
Principal Payments Due on Long-Term Debt	<u>2,803,313</u>	<u>1,982,002</u>
Liquid Reserve Requirement	6,496,706	5,755,091
Projected Annual Operating Expenses	35,572,572	34,531,658
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	3,557,257	3,453,166
Maximum Liquid Reserve Requirement	6,496,706	5,755,091
Approximate Percentage of Continuing Care Clients	<u>70%</u>	<u>70%</u>
Statutory Minimum Liquid Reserve	<u>\$ 4,515,860</u>	<u>\$ 4,019,931</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Pennsylvania Department of Insurance Reserve Requirements (Continued)**

The statutory minimum liquid reserve requirement for SH as of December 31, 2024 and 2023 is \$1,250,157 and \$1,167,558, respectively. The 2024 reserve is based on 10% of the projected annual operating expenses exclusive of depreciation and amortization and the 2023 reserve is based on the projected annual debt service requirements for SH. The statutory minimum liquid reserve requirement as of December 31 for SH is as follows:

	<u>2024</u>	<u>2023</u>
Projected Annual Interest Expense	\$ 1,071,752	\$ 1,384,422
Principal Payments Due on Long-Term Debt	814,787	636,624
Liquid Reserve Requirement	<u>1,886,539</u>	<u>2,021,046</u>
Projected Annual Operating Expenses	20,725,422	20,161,198
Minimum Rate	10%	10%
Liquid Reserve Requirement	<u>2,072,542</u>	<u>2,016,120</u>
Maximum Liquid Reserve Requirement	2,072,542	2,021,046
Approximate Percentage of Continuing Care Clients	<u>60%</u>	<u>58%</u>
Statutory Minimum Liquid Reserve	<u><u>\$ 1,250,157</u></u>	<u><u>\$ 1,167,558</u></u>

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

**NOTE 5 CONCENTRATION OF CREDIT RISK**

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

	<u>2024</u>	<u>2023</u>
Private Pay	57 %	62 %
Medicaid	26	23
Medicare	4	9
Other (Primarily Managed Care and Insurance)	13	6
Total	<u><u>100 %</u></u>	<u><u>100 %</u></u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 INVESTMENTS**

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

	<u>2024</u>	<u>2023</u>
<b>Investments:</b>		
Cash and Short-Term Investments	\$ 106,019	\$ 1,497,302
Fixed-Income Securities and Mutual Funds	2,410,705	2,292,476
Equity Securities and Equity Mutual Funds	5,588,167	3,396,921
Alternative Investments	50,403	1,579,118
Total Investments	<u>\$ 8,155,294</u>	<u>\$ 8,765,817</u>
<b>Investments Restricted by Donors:</b>		
Cash and Short-Term Investments	\$ 115,798	\$ 58,600
Fixed-Income Securities and Mutual Funds	5,564,863	4,958,012
Equity Securities and Equity Mutual Funds	10,931,575	9,787,082
Real Estate Mutual Funds	52,146	82,841
Total Investments Restricted by Donors	<u>\$ 16,664,382</u>	<u>\$ 14,886,535</u>
<b>Statutory Reserves:</b>		
Cash and Short-Term Investments	<u>\$ 5,766,017</u>	<u>\$ 5,187,489</u>
<b>Investments Held under Bond Indenture:</b>		
Cash and Short-Term Investments	<u>\$ 10,723,159</u>	<u>\$ 10,775,964</u>
<b>Investments Restricted by Board:</b>		
Cash and Short-Term Investments	\$ 50,695	\$ 595,701
Fixed-Income Securities and Mutual Funds	1,152,733	912,061
Equity Securities and Equity Mutual Funds	2,682,154	1,586,750
Alternative Investments	14,057	392,966
Total Investments Restricted by Board	<u>\$ 3,899,639</u>	<u>\$ 3,487,478</u>

Asset limited as to use held by trustee under bond indenture are maintained for the following purposes as of December 31:

	<u>2024</u>	<u>2023</u>
Debt Service Fund	\$ 3,089,528	\$ 3,142,333
Debt Service Reserve Fund	7,633,631	7,633,631
Total	10,723,159	10,775,964
Less: Current Portion	(2,859,200)	(2,854,637)
Long-Term Portion of Bond Indenture	<u>\$ 7,863,959</u>	<u>\$ 7,921,327</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 INVESTMENTS (CONTINUED)**

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

	<u>2024</u>	<u>2023</u>
Included within the Performance Indicator:		
Interest and Dividend Income, Net	\$ 1,984,942	\$ 1,469,405
Net Realized Gain (Loss) on Investments	2,981,968	(214,288)
Net Unrealized Gain (Loss) on Equity Security Investments	(916,068)	2,628,056
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	<u>472,021</u>	<u>(207,663)</u>
Total	4,522,863	3,675,510
Included in Other Changes in Net Deficit:		
Net Unrealized Gain on Fixed Income Securities and Other Investments	<u>958,291</u>	<u>107,434</u>
Total	<u>\$ 5,481,154</u>	<u>\$ 3,782,944</u>

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

The Obligated Group engages professionals to advise on managing its investment portfolio within guidelines of ACOMM's board-approved investment policy. As the need arises, management reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the years ended December 31, 2024 and 2023, the Obligated Group did not identify any other than temporary declines in the fair value of investments.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF FOUNDATION**

AFOUND was established to solicit, receive, hold, invest, and reinvest donations and bequests, which are made primarily for the benefit of AMV, AS, BV, SH, and Albright. The Obligated Group's beneficial interest in the net assets of AFOUND was \$9,700,251 and \$10,425,098 as of December 31, 2024 and 2023, respectively. The balance sheets of AFOUND consisted of the following as of December 31:

<b>ASSETS</b>	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 15,161	\$ 99,380
Pledges Receivable, Net	974,654	602,841
Prepaid Expenses and Other Assets	57,092	45,335
Total Current Assets	1,046,907	747,556
Property and Equipment, Net	80,678	101,746
Investments Restricted by Donor	44,237,078	43,338,780
Pledge Receivable, Net	11,593,802	8,999,782
Long-Term Investments	1,200,000	1,330,000
Funds Held in Trust	2,719,711	3,419,102
Total Assets	\$ 60,878,176	\$ 57,936,966
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 167,100	\$ 47,796
Due to ACOMM, Net	18,227,891	16,914,226
Obligations under Charitable Gift Annuities	4,065,062	3,635,787
Total Liabilities	22,460,053	20,597,809
<b>NET ASSETS</b>		
With Donor Restrictions	38,418,123	37,339,157
Total Net Assets	38,418,123	37,339,157
Total Liabilities and Net Assets	\$ 60,878,176	\$ 57,936,966

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

The obligations under charitable gift annuities are based on the net present value of future payments to the beneficiary based on the discount rate that estimates the remaining life of the benefactor. Upon the death of the life beneficiary, the existing funds will be available for use by AMV, AS, BV, SH, and Albright.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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 net asset with donor restrictions.

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 combined 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 4.37% and 3.84% at December 31, 2024 and 2023, respectively. Changes in the present value of the accompanying obligation are shown as changes in values of charitable gift annuities in the combined 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:

	Useful Life	2024	2023
Land and Improvements	10 to 40 Years	\$ 23,725,763	\$ 23,296,068
Buildings and Improvements	10 to 40 Years	173,006,472	162,778,132
Furniture and Equipment	2 to 15 Years	22,076,699	20,515,716
Construction in Progress		718,309	606,011
Total		<u>219,527,243</u>	<u>207,195,927</u>
Less: Accumulated Depreciation		<u>(116,112,226)</u>	<u>(113,825,969)</u>
Property and Equipment, Net		<u>\$ 103,415,017</u>	<u>\$ 93,369,958</u>

Depreciation expense on property and equipment was \$7,863,162 and \$7,397,721 for the years ended December 31, 2024 and 2023, respectively.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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 consolidated payroll function, all salaries and withholdings are processed through ACOMM. ACOMM recognizes employee compensation, including salaries and PTO for eligible associates in a cash value plan when the related services are performed. Accrued salaries and PTO are calculated, tracked and recognized as liabilities of ACOMM to the extent that the associates have earned the wages and PTO for each payroll period. These accruals do not affect the cash of the affiliates until paid out to the employees and is not cleared out of the intercompany accounts until paid. The intercompany account then will retain an amount equal to the accumulated value of accrued salaries and unused PTO for each affiliate.
- Deferred Service Fees – From time to time, service fees may be deferred by ACOMM to its affiliates in order to meet bond covenant requirements. These fees can be recouped by ACOMM in subsequent periods when financial performance warrants reducing or eliminating the deferral. The cumulative effect of these deferrals will be included in the affiliate intercompany account. For 2024 and 2023, 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 point in time, depending upon the timing of receipts, disbursements and other investment activity, members of the group may temporarily overdraw their share of the common operating cash. Cumulative positive cash flow levels will periodically be transferred to more permanent investment vehicles of the respective affiliate's books. The balance of cash and cash equivalents includes the Obligated Group's share of the common operating cash and amounts held in their individual checking and savings accounts, money market accounts, and short-term certificates of deposit with original maturities of 90 days or less. Cash balances are principally uninsured and subject to normal credit risk.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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.

BV and SH have 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 obliged to meet all debt service requirements for the Obligated Group.

**Service Fees**

The Obligated Group received services from ACOMM under a service agreement at a cost of \$6,277,293 and \$6,004,406 in 2024 and 2023, respectively. Included in the services is an information technology fee. Service fees are charged on a pro rata basis to all the affiliates based upon total revenue. The payment of service fees to ACOMM is subordinate to all obligations of the Obligated Group under all of the Obligated Group's secured loan agreements.

The Obligated Group has a services agreement with Albright to receive pharmacy services for the benefit of the residents at the BV and SH campuses. Albright submits monthly invoices to the Obligated Group for all products and services provided under this agreement on behalf of BV and SH residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to BV and SH for the years ended December 31, 2024 and 2023 was \$295,887 and \$305,137, respectively.

**NOTE 11 DEBT**

Long-term debt consisted of the following:

	Interest Rate	Maturity Dates	2024	2023
PA Series 2022A Bonds	Variable Rate Revenue Bonds	2025 - 2037	\$ 17,539,084	\$ 9,970,397
PA Series 2021A Bonds	Fixed Rate Revenue Bonds	2034 - 2041	27,235,000	27,235,000
PA Series 2021B Bonds	Variable Rate Revenue Bonds	2022 - 2034	17,225,000	18,275,000
PA Series 2019 Bonds	Fixed Rate Revenue Bonds	2021 - 2045	51,145,000	53,085,000
Total			113,144,084	108,565,397
Unamortized Bond Premium/Discount on Bonds, Net			4,074,261	4,289,258
Unamortized Bond Financing Costs			(1,911,207)	(2,017,801)
Current Portion Bonds Payable			(3,618,100)	(2,990,000)
Long-Term Debt, Net			<u>\$ 111,689,038</u>	<u>\$ 107,846,854</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 DEBT (CONTINUED)**

**Series 2022A Pennsylvania (PA) Bonds**

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

**Series 2021 Pennsylvania (PA) Bonds**

In June 2021, the 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 Obligated Group.

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

The 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 Obligated Group.

The 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 Obligated Group to be established and maintained by the bond trustee from time to time.

The 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 Obligated Group has hedged its interest rate exposure associated with the 2021B PA Bonds as described in Note 12 below.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 DEBT (CONTINUED)**

**Series 2019 Pennsylvania (PA) Bonds**

In December 2019, the 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 Obligated Group borrowed \$59,480,000 of Refunding Revenue Bonds (Asbury Pennsylvania Obligated Group), Series 2019, (the Series 2019 PA Bonds). The Series 2019 PA Bonds are comprised of serial bonds at fixed rates between 2.5% and 5.0% with yields between 2.70% and 3.96%.

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

As required by the bond agreements, the Obligated Group established various reserve funds from the proceeds of the bonds. The respective bond agreements require certain other funds to be established and maintained by the bond trustee.

**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 on deferred financing costs is included in interest expense and totaled \$106,594 and \$106,555 for the years ended December 31, 2024 and 2023, 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 \$214,997 for both the years ended December 31, 2024 and 2023.

**Liens and Covenants**

Collateral for the debt includes the trustee-held funds, a first mortgage lien on the Obligated Group's real estate, as well as a security interest in the Obligated Group's assets, accounts receivable, general intangibles, chattel paper, and certain other items. Under the Pennsylvania Master Loan Agreements, the lenders have a first lien and claim on all receipts of the Obligated Group, except the restricted donations and contributions. The terms of the indenture agreements restrict the Obligated Group's ability to create additional indebtedness; restrict its use of SH and BV facilities; and require the Obligated Group to maintain stipulated insurance coverage.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 DEBT (CONTINUED)**

**Liens and Covenants (Continued)**

Additionally, the covenants require that the Obligated Group will fix, charge, and collect in each fiscal year amounts sufficient to meet a defined annual debt-service coverage ratio for the obligated group and will maintain a minimum days of cash-on-hand ratio. In addition, ACOMM has agreed to contribute cash to the Obligated Group under certain circumstances and, if necessary, to meet its debt-service coverage ratio and maintain its minimum days of cash-on-hand ratio. However, ACOMM is not contractually required to contribute cash to the Pennsylvania Obligated Group in an aggregate amount exceeding \$3,000,000.

The Obligated Group is subject to various covenants under the bond agreements. These covenants include various reporting, financial, and operational requirements. As of December 31, 2024, 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>
2025	\$ 3,618,100
2026	4,346,440
2027	4,457,662
2028	5,114,697
2029	4,868,965
Thereafter	<u>90,738,220</u>
Total	<u>\$ 113,144,084</u>

**NOTE 12 DERIVATIVE INSTRUMENTS**

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

Asbury Atlantic, on behalf of the 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 (secured overnight financing rate) 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.

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 12 DERIVATIVE INSTRUMENTS (CONTINUED)**

The following is a schedule outlining the term and Asbury Atlantic's proportionate share of the fair market values of the derivative instruments at December 31:

	Series 2021B	Series 2022	Total
Notional Amount - December 31, 2024	\$ 17,225,000	\$ 15,836,492	
Trade Date	6/24/2021	7/26/2022	
Effective Date	10/4/2021	7/1/2024	
Termination Date	6/1/2033	7/1/2036	
Fixed Rate	1.080%	3.456%	
Fair Value at December 31, 2022	\$ 1,906,672	\$ 373,202	\$ 2,279,874
Unrealized Gain (Loss)	(298,337)	90,674	(207,663)
Fair Value at December 31, 2023	1,608,335	463,876	2,072,211
Unrealized Gain	38,409	433,612	472,021
Fair Value at December 31, 2024	<u>\$ 1,646,744</u>	<u>\$ 897,488</u>	<u>\$ 2,544,232</u>

The Obligated Group has included the fair market value of these derivative instruments as an asset of \$2,544,232 and \$2,072,211 in the accompanying combined balance sheets as of December 31, 2024 and 2023, respectively. Within income from operations, the Obligated Group recorded a net unrealized gain (loss) of \$472,021 and \$(207,663) for the change in market value of derivative instruments for the years ended December 31, 2024 and 2023, respectively.

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were \$17,049,629 and \$17,798,550 as of December 31, 2024 and 2023, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$15,125,367 and \$15,037,051 as of December 31, 2024 and 2023, respectively. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent care.

A summary of the net assets with donor restrictions that are to be held in perpetuity is as follows:

	2024	2023
Endowment Fund - Beginning of Year	\$ 15,037,051	\$ 14,198,641
Changes in Value of Obligations under Charitable Gift Annuities	(24,074)	(33,424)
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	112,390	871,834
Endowment Fund - End of Year	<u>\$ 15,125,367</u>	<u>\$ 15,037,051</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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. For 2024, the employer match is 100% of employee contributions up to 3% and 50% on the next 2% of contributions for each eligible employee. For January 1 to May 13, 2023, the employer match was 100% of employee contributions up to 4% and 50% on the next 2% of contributions for each eligible employee. For May 14 to December 31, 2023, the employer match was 100% of employee contributions up to 3% and 50% on the next 1% of contributions for each eligible employee. The employer's contribution expenses for the years ended December 31, 2024 and 2023 were \$579,698 and \$529,710, respectively.

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

**Caring Communities, a Reciprocal Risk Retention Group**

ACOMM and its affiliates participate in an insurance risk retention group, Caring Communities, a reciprocal Risk Retention Group (CCrRRG) licensed by the District of Columbia for purposes of obtaining the following insurance coverage: (1) primary general and professional liability; (2) excess general and professional liability; and (3) excess auto liability. The primary general and professional liability coverage has a limit of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. The excess general and professional liability coverage has a limit of \$10,000,000 per claim and a \$30,000,000 annual aggregate. This policy has been renewed through December 31, 2025.

CCrRRG provides insurance coverage to its members, which are nonprofit, predominantly faith based, senior housing, and healthcare providers. These members include continuing care retirement communities, affordable housing providers, and other organizations that offer a mix of product and services, including independent living, assisted living, and skilled nursing. In February 2025, CCrRRG was affirmed as a rating of "A (Excellent)" for its financial strength with a stable outlook by A.M. Best Co., one of the leading rating agencies.

ACOMM executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2024, ACOMM's capital contributions were \$560,508 which represents 1.99% of CCrRRG's total Charter Capital. The percentage of the total Charter Capital may be affected by the future addition of members to CCrRRG.

**Health Insurance**

ACOMM and its affiliates have a self-funding arrangement for health insurance coverage. ACOMM and affiliates have stop-loss coverage for any claim exceeding \$200,000 per participant with unlimited reimbursement after a \$75,000 aggregate deductible (one time across all claimants).

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Legal Actions and Claims**

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

**Lease Commitments**

The Obligated Group leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

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

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 5,821	\$ 5,821
Interest on Lease Liabilities	164	279
Operating Lease Cost	302,126	496,590
Total Lease Cost	<u>\$ 308,111</u>	<u>\$ 502,690</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 164	\$ 279
Operating Cash Flows from Operating Leases	302,126	496,590
Financing Cash Flows from Finance Leases	5,825	5,709
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	-	17,071
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	313,356	1,958
Weighted-Average Remaining Lease Term - Finance Leases	0.93 Years	1.93 Years
Weighted-Average Remaining Lease Term - Operating Leases	1.92 Years	2.63 Years
Weighted-Average Discount Rate - Finance Leases	2.00%	2.00%
Weighted-Average Discount Rate - Operating Leases	2.00%	2.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 187,582	\$ 5,586
2026	83,420	-
2027	28,128	-
2028	2,376	-
2029	1,967	-
Total	<u>303,473</u>	<u>5,586</u>
Less: Interest Expense	<u>(5,527)</u>	<u>(48)</u>
Amounts Recognized in the Combined Balance Sheets	<u>\$ 297,946</u>	<u>\$ 5,538</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 16 FUNCTIONAL EXPENSES**

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

	2024		
	Program Services	Supporting Services	Total
	Continuing Care Services	Management and General	
Salaries and Wages	\$ 21,283,900	\$ -	\$ 21,283,900
Employee Benefits	5,226,564	-	5,226,564
Contract Labor	3,920,999	-	3,920,999
Food Purchases	1,908,084	-	1,908,084
Medical Supplies and Other			
Resident Costs	1,663,860	-	1,663,860
General and Administrative	-	1,066,875	1,066,875
Building and Maintenance	6,218,561	-	6,218,561
Professional Fees and Insurance	789,569	-	789,569
Interest	4,850,800	-	4,850,800
Taxes	1,318,404	-	1,318,404
Provision for Credit Losses	42,511	-	42,511
Depreciation and Amortization	7,868,983	-	7,868,983
Service and Other Fees	-	5,953,372	5,953,372
Total Functional Expenses	<u>\$ 55,092,235</u>	<u>\$ 7,020,247</u>	<u>\$ 62,112,482</u>
	2023		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	\$ 20,366,341	\$ -	\$ 20,366,341
Employee Benefits	5,018,244	-	5,018,244
Contract Labor	4,963,381	-	4,963,381
Food Purchases	1,705,039	-	1,705,039
Medical Supplies and Other			
Resident Costs	1,673,877	-	1,673,877
General and Administrative	-	1,155,603	1,155,603
Building and Maintenance	6,392,706	-	6,392,706
Professional Fees and Insurance	627,104	-	627,104
Interest	4,508,513	-	4,508,513
Taxes	1,239,711	-	1,239,711
Provision for Credit Losses	432,756	-	432,756
Depreciation and Amortization	7,403,542	-	7,403,542
Service and Other Fees	-	5,640,511	5,640,511
Total Functional Expenses	<u>\$ 54,331,214</u>	<u>\$ 6,796,114</u>	<u>\$ 61,127,328</u>

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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 Obligated Group's nonperformance risk on its liabilities.

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

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

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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

Recurring Fair Value Measures	At Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash and Short-Term Investments	\$ 16,761,688	\$ -	\$ -	\$ 16,761,688
Fixed-Income Securities and Mutual Funds	9,128,301	-	-	9,128,301
Equity Securities and Mutual Funds	19,201,896	-	-	19,201,896
Real Estate Mutual Funds	52,146	-	-	52,146
Derivative Instruments		2,544,232		2,544,232
Subtotal	<u>\$ 45,144,031</u>	<u>\$ 2,544,232</u>	<u>\$ -</u>	<u>47,688,263</u>
Investments Measured at Fair Value Using Net Asset Value Per Share				64,460
Total				<u>\$ 47,752,723</u>

Recurring Fair Value Measures	At Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash and Short-Term Investments	\$ 18,115,056	\$ -	\$ -	\$ 18,115,056
Fixed-Income Securities and Mutual Funds	8,162,549	-	-	8,162,549
Equity Securities and Mutual Funds	14,770,753	-	-	14,770,753
Real Estate Mutual Funds	82,841	-	-	82,841
Derivative Instruments	-	2,072,211	-	2,072,211
Subtotal	<u>\$ 41,131,199</u>	<u>\$ 2,072,211</u>	<u>\$ -</u>	<u>43,203,410</u>
Investments Measured at Fair Value Using Net Asset Value Per Share				1,972,084
Total				<u>\$ 45,175,494</u>

The Obligated Group has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment. A listing of the investments held by the Obligated Group and their attributes that may qualify for these valuations consist of the following as of December 31, 2024:

Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency*	Redemption Notice Period
Pantheon USA Fund VI	\$ 7,102	\$ 43,820	N/A - illiquid	N/A - illiquid
Pantheon Global Fund III	8,704	36,437	N/A - illiquid	N/A - illiquid
Ironwood International Ltd.	28,839	-	Semi Annually (on anniversary date)	95 calendar days
Partners Group	<u>19,815</u>	-	Quarterly	20 business days
Total	<u>\$ 64,460</u>			

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

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	<u>Bethany Village</u>	<u>Springhill</u>	<u>Combining Entries</u>	<u>PA Obligated Group</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 2,342,722	\$ 769,279	\$ -	\$ 3,112,001
Investments	7,849,123	306,171	-	8,155,294
Accounts Receivable	1,167,898	1,397,526	-	2,565,424
Allowance for Credit Losses	(100,715)	(400,712)	-	(501,427)
Other Receivables and Prepaid Expenses	1,185,880	485,503	-	1,671,383
Investments Held under Bond Indenture	2,275,334	583,866	-	2,859,200
Total Current Assets	<u>14,720,242</u>	<u>3,141,633</u>	<u>-</u>	<u>17,861,875</u>
Due from ACOMM, Net	29,102,761	-	(6,538,104)	22,564,657
Property, Plant, and Equipment, Net	80,179,515	23,235,502	-	103,415,017
Right-of-Use Assets - Operating Leases, Net	185,760	112,186	-	297,946
Right-of-Use Assets - Finance Leases, Net	-	5,430	-	5,430
Investments Restricted by Donors	16,664,382	-	-	16,664,382
Deposits and Other Assets	-	11,211	-	11,211
Investments Held under Bond Indenture	6,242,647	1,621,312	-	7,863,959
Statutory Reserves	4,515,860	1,250,157	-	5,766,017
Investments Restricted by Board	3,899,639	-	-	3,899,639
Beneficial Interest in Net Assets of the Asbury Foundation, Inc.	8,774,900	925,351	-	9,700,251
Valuation of Derivative Instrument	1,902,191	642,041	-	2,544,232
Total Assets	<u>\$ 166,187,897</u>	<u>\$ 30,944,823</u>	<u>\$ (6,538,104)</u>	<u>\$ 190,594,616</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

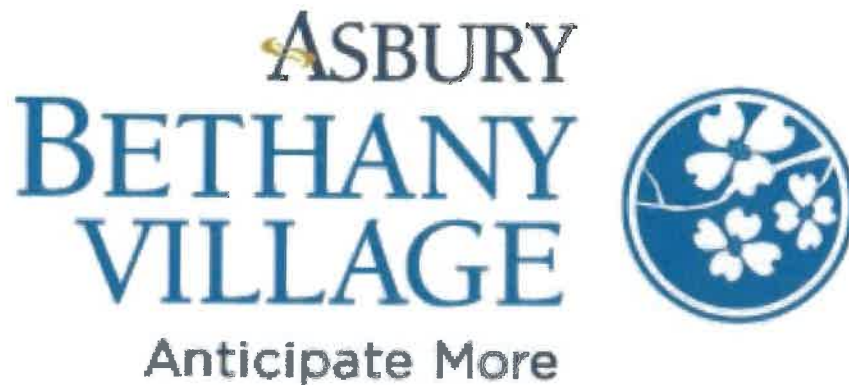
<b>LIABILITIES AND NET DEFICIT</b>	<u>Bethany Village</u>	<u>Springhill</u>	<u>Combining Entries</u>	<u>PA Obligated Group</u>
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 230,923	\$ 253,733	\$ -	\$ 484,656
Accrued Interest Payable	1,527,522	418,297	-	1,945,819
Obligations Under Charitable Gift Annuities	61,303	-	-	61,303
Deposits from Prospective Residents	1,229,083	226,673	-	1,455,756
Entrance Fees - Refundable	333,688	515,015	-	848,703
Deferred Revenue	425,609	305,788	-	731,397
Current Portion of Lease Liabilities - Operating Leases	116,175	67,493	-	183,668
Current Portion of Lease Liabilities - Finance Leases	-	5,538	-	5,538
Current Portion of Long-Term Debt	2,803,313	814,787	-	3,618,100
Total Current Liabilities	<u>6,727,616</u>	<u>2,607,324</u>	<u>-</u>	<u>9,334,940</u>
Due to ACOMM, Net	-	6,538,104	(6,538,104)	-
Long-Term Lease Liabilities - Operating Leases, Net of Current	69,585	44,693	-	114,278
Long-Term Lease Liabilities - Finance Leases, Net of Current	-	-	-	-
Long-Term Debt, Net of Current	86,279,872	25,409,166	-	111,689,038
Contingent Refundable Entrance Fee Liability	10,006,849	13,301,688	-	23,308,537
Entrance Fees - Deferred Revenue	44,658,264	12,121,795	-	56,780,059
Obligations under Charitable Gift Annuities	79,844	-	-	79,844
Total Liabilities	<u>147,822,030</u>	<u>60,022,770</u>	<u>(6,538,104)</u>	<u>201,306,696</u>
<b>NET ASSETS (DEFICIT)</b>				
Without Donor Restriction	2,241,590	(30,003,299)	-	(27,761,709)
With Donor Restrictions	16,124,277	925,352	-	17,049,629
Total Net Deficit	<u>18,365,867</u>	<u>(29,077,947)</u>	<u>-</u>	<u>(10,712,080)</u>
Total Liabilities and Net Deficit	<u>\$ 166,187,897</u>	<u>\$ 30,944,823</u>	<u>\$ (6,538,104)</u>	<u>\$ 190,594,616</u>

**PENNSYLVANIA OBLIGATED GROUP OF ASBURY ATLANTIC, INC.**  
**COMBINING STATEMENT OF OPERATIONS AND**  
**CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS**  
**YEAR ENDED DECEMBER 31, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Bethany Village	Springhill	Combining Entries	PA Obligated Group
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Net Resident Services Revenue	\$ 34,368,600	\$ 18,898,734	\$ -	\$ 53,267,334
Other Operating Revenue	436,071	102,152	-	538,223
Amortization of Entrance Fees	6,555,776	1,909,189	-	8,464,965
Interest and Dividend Income, Net	1,761,435	223,507	-	1,984,942
Net Realized Gain on Investments	2,773,165	208,803	-	2,981,968
Net Unrealized Gain (Loss) on Equity				
Security Investments	(957,857)	41,789	-	(916,068)
Allocations from Asbury Foundation, Inc.	1,862,592	522,874	-	2,385,466
Total Revenues, Gains, and Other Support	46,799,782	21,907,048	-	68,706,830
<b>EXPENSES</b>				
Salaries	12,236,975	9,046,925	-	21,283,900
Employee Benefits	3,491,536	1,735,028	-	5,226,564
Contract Labor	2,520,973	1,400,026	-	3,920,999
Food Purchases	1,142,251	765,833	-	1,908,084
Medical Supplies and Other Resident Costs	1,047,863	615,997	-	1,663,860
General and Administrative	622,802	444,073	-	1,066,875
Building and Maintenance	4,300,114	1,918,447	-	6,218,561
Professional Fees and Insurance	501,996	287,573	-	789,569
Interest	3,771,257	1,079,543	-	4,850,800
Taxes	1,104,947	213,457	-	1,318,404
Provision for Credit Losses	101,877	(59,366)	-	42,511
Depreciation and Amortization	5,619,369	2,249,614	-	7,868,983
Service and Other Fees	3,733,962	2,219,410	-	5,953,372
Total Expenses	40,195,922	21,916,560	-	62,112,482
<b>INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS</b>	6,603,860	(9,512)	-	6,594,348
Net Unrealized Gain on Change in Market Value of Derivative Instruments	439,732	32,289	-	472,021
<b>INCOME FROM OPERATIONS</b>	7,043,592	22,777	-	7,066,369
Transfer to ACOMM	(183,000)	(50,500)	-	(233,500)
Net Unrealized Gain on Fixed Income Securities and Other Investments	951,776	6,515	-	958,291
Net Assets Released from Restrictions Used for Purchase of Capital Items	1,441,108	24,451	-	1,465,559
<b>NET DECREASE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 9,253,476</u>	<u>\$ 3,243</u>	<u>\$ -</u>	<u>\$ 9,256,719</u>



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



An Asbury Atlantic, Inc.  
Continuing Care Retirement Community  
325 Wesley Drive  
Mechanicsburg, Pennsylvania, 17055

**Disclosure Statement**  
**April 30, 2025**

The issuance of a Certificate of Authority by the Commonwealth of Pennsylvania does not constitute approval, recommendation, or endorsement of the facility by the Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in the Disclosure Statement.

## TABLE OF CONTENTS

<b>1. About This Document</b> .....	1
Statement Regarding Amendment.....	1
Name & Address of Owner/Provider.....	1
Name & Address of Parent .....	1
Statement of Tax-Exempt Status.....	1
<b>2. About Bethany Village</b> .....	2
History .....	2
Statement Regarding Religious and Other Affiliations.....	2
About the Community .....	2
Expansions & Renovations .....	3
Resident Associations.....	3
<b>3. About Owner &amp; Parent Corporation</b> .....	4
Organizational Chart.....	5
<b>4. Governance &amp; Management</b> .....	6
Asbury Atlantic, Inc. Governance .....	6
Periodic Meetings between Residents and Management .....	7
Management Contracts.....	7
<b>5. Service &amp; Fees</b> .....	8
Description of Fees .....	8
Use of Fees .....	9
Fee for Service CCRC.....	9
Average Annual Cost of Providing Services.....	10
Benevolent Care .....	10
<b>6. Financial Strength &amp; Stewardship</b> .....	10
Pennsylvania Obligated Group .....	10
Long Term Financing.....	11
Funding Community Enhancement .....	11
Management of Investments .....	12

### Exhibits

Names of Directors and Officers .....	Exhibit A
Residential, Assisted Living and Health Care Fees .....	Exhibit B
Residential Fee History.....	Exhibit C
Asbury Atlantic, Inc. Audited Financial Statements .....	Exhibit D
IRS Determination Letter.....	Exhibit E

## 1. ABOUT THIS DOCUMENT

Bethany Village is delighted that you are interested in our community. We hope you find this Disclosure Statement interesting and useful and that it helps you have a better understanding of our community. While many of the disclosures provided in this document are required by state regulations, you will also find additional information that we think will be helpful. We believe it is important for you to know and understand the mission, history, ownership, governance, and finances of a continuing care retirement community (CCRC) before making a decision that affects your future quality of life. Having this information will help you select a community that is a good fit with your priorities and where you will be most comfortable.

*Bethany Village shall amend this disclosure statement at any time, should, in the opinion of Bethany Village or the Pennsylvania Department of Aging, an amendment be necessary to prevent the document from containing any material misstatement of fact.*

### Community Address

Bethany Village  
325 Wesley Dr., Mechanicsburg, PA, 17055  
Sales Office: 717-766-0279

### Name & Address of Owner/Provider

Asbury Atlantic, Inc.  
5285 Westview Drive #200  
Frederick, MD 21703  
[www.BethanyVillage.org](http://www.BethanyVillage.org)

### Name & Address of Parent

Asbury Communities, Inc.  
5285 Westview Drive #200  
Frederick, MD 21703  
[www.Asbury.org](http://www.Asbury.org)

### Statement of Tax-Exempt Status

Asbury Atlantic, Inc. and Asbury Communities, Inc. are 501(c) 3 not-for-profit charitable corporations. *Please see **Exhibit E** for the Asbury Atlantic, Inc. IRS Determination Letter.*

## 2. ABOUT BETHANY VILLAGE

### History

Bethany Village was founded in 1964 as a charitable not-for-profit corporation to provide residential and health services for seniors. Since the day it opened in 1964, Bethany Village has been committed to meeting the needs of seniors and providing enhanced, high-quality services.

Plans for expansion began almost immediately, with the first 15 cottages approved for construction in 1967. Another 80 were completed during 1978, and Bethany Court opened in July 1992. In 1998, the community laid the groundwork for years of expansion, purchasing an additional 100 acres of land (formerly the Sheely Farm) across the road from the existing campus to create the West Campus.

Bethany Village affiliated with Asbury Communities, Inc. in January 2000 and began taking reservations for West Apartments later that year. The community grew steadily through the decade, opening the West Apartments, MapleWood Assisted Living and The Oaks Skilled Nursing during 2004. The latest round of expansion was concluded in 2008, with the opening of the West Cottages and Estate Homes.

#### Statement regarding religious and other affiliations

Bethany Village has a historical relationship with the United Methodist Church; however, there are no financial or contractual obligations between Bethany Village/Asbury Atlantic, Inc. and the United Methodist Church. Our charitable mission continues to flow from the teachings of John Wesley, founder of the Methodist Church, who believed that a faith-based life is blessed by grace and carried outward into the world in service for others. Today, we translate those values by working toward excellence and doing all the good we can for seniors.

Bethany Village is an affiliate of Asbury Communities, Inc., the not-for-profit parent of a system of senior living and health service providers.

### About the Community

Bethany Village's 184-acre suburban campus is set on beautifully landscaped greens with hundreds of mature trees. Campus amenities include multiple dining venues, an indoor pool and full-scale fitness center, outpatient therapy, state of the art Brain Health Center which includes rock wall, boxing studio, and technology lab, also resident garden plots, walking trails, disc golf and mini-golf courses and an outdoor garden train.

Each year, many community residents participate in the Bethany Games, a version of the National Senior Games, competing in areas such as swimming, water volleyball, badminton,

disc golf, and cycling. In 2011, Bethany residents also founded the community's first Mini-Golf Championship, which runs from May to June. Seasonal traditions include snow tubing at a nearby ski resort and a summer water-tubing trip.

Residents live in the community's 249 apartment homes or 142 single-level homes or utilize the community's memory support and assisted living or skilled nursing suites.

Bethany Village is an equal housing opportunity provider and is welcome to prospective residents, aged 55 years and older. Minimum age waivers may be granted in special circumstances. As of December 31, 2024, 479 residents reside in cottages or apartments, 99 in assisted living, and 66 in skilled nursing. The total resident population is 644.

*For more information, visit [www.BethanyVillage.org](http://www.BethanyVillage.org).*

### **Expansions and Renovations**

Bethany Village has been engaged in a 17-million-dollar capital campaign over the last several years to enhance and update the Bethany Village East community. The new Community Room, The Richard D. Rife Center, was completed in August 2016. The former Community Center is now the Café/Bistro, which was completed in April 2021. The focus of the campaign has now shifted to Phase III, the final phase which will include a new Gift Shop, Salon/Spa and Library to be completed in 2026. In addition, a state-of-the-art Brain Health Center, and the renovation of Springfield's restaurant on West was completed in 2024. Bethany also acquired 28+ acres of adjoining property for future development.

### **Resident Associations**

Bethany Village has very active and vibrant resident association groups that promote resident interests, facilitate communication, interact with management, and organize events and activities. The Bethany Village Residents' Council is comprised of elected representatives who meet monthly with administration (but not in July and August) to focus on various aspects of campus life and to receive and integrate resident and staff suggestions for improving the quality of life at Bethany Village. Minutes from these meetings are distributed to all residents.

### 3. ABOUT THE OWNER & PARENT CORPORATION

Bethany Village is owned and operated by Asbury Atlantic, Inc., a not-for-profit charitable corporation, which is the legal entity responsible for providing services to the residents of Bethany Village. Asbury Atlantic also owns and operates one other continuing care retirement community (CCRC) in Pennsylvania: Springhill, Erie, PA. and two other CCRCs in Maryland: Asbury Methodist Village, Gaithersburg, MD, and Asbury Solomons, Solomons, MD. Asbury Atlantic also owns and operates Asbury Chandler Estate, Pen Argyl, PA, which offers rentals for seniors and personal care.

Asbury Communities, Inc., a not-for-profit corporation, is the sole member (parent) of Asbury Atlantic; however, Asbury Communities is not responsible for the financial or contractual obligations of Asbury Atlantic. Asbury Communities is also the sole member of the following entities:

**1170 West Main Street LLC** disregarded entity for tax purposes owned by Asbury Communities.

**Asbury Living, Inc.** owns and operates Asbury Grace Park (Stroudsburg, PA) and Asbury Ivy Gables (Wilmington, DE).

**Asbury Atlantic, Inc.** owns and operates Asbury Methodist Village (Gaithersburg, MD), Asbury Solomons (Solomons, MD), Bethany Village (Mechanicsburg, PA), Asbury Chandler Estate, and Springhill (Erie, PA).

**IVA, Inc.** holds the liquor licenses.

**Albright Care Services, Inc.** owns and operates Normandie Ridge (York, PA), Riverwoods (Lewisburg, PA), Pharmacies located at Riverwoods and Asbury Methodist Village, as well as LIFE centers located in Lancaster, Lebanon, Lycoming/Clinton, Franklin and Cumberland, PA.

**Warrior Run Manor, Inc.** owns and operates a section 202 HUD senior housing apartment building (Watsontown, PA). Albright Care Services controls 5 of 9 Board seats, 4 of 9 Board seats are controlled by Watsontown Area Senior Citizens Housing Corporation.

**Asbury, Inc.**

**Forest Ridge Manor, Inc.** owns and operates a section 202 HUD senior housing apartment building (Kingsport, TN). Asbury, Inc. is the Sponsor and controlling entity of Forest Ridge Manor, Inc.

**Asbury Foundation, Inc.** operates all of the charitable fundraising for Asbury Communities' not-for-profit affiliates.

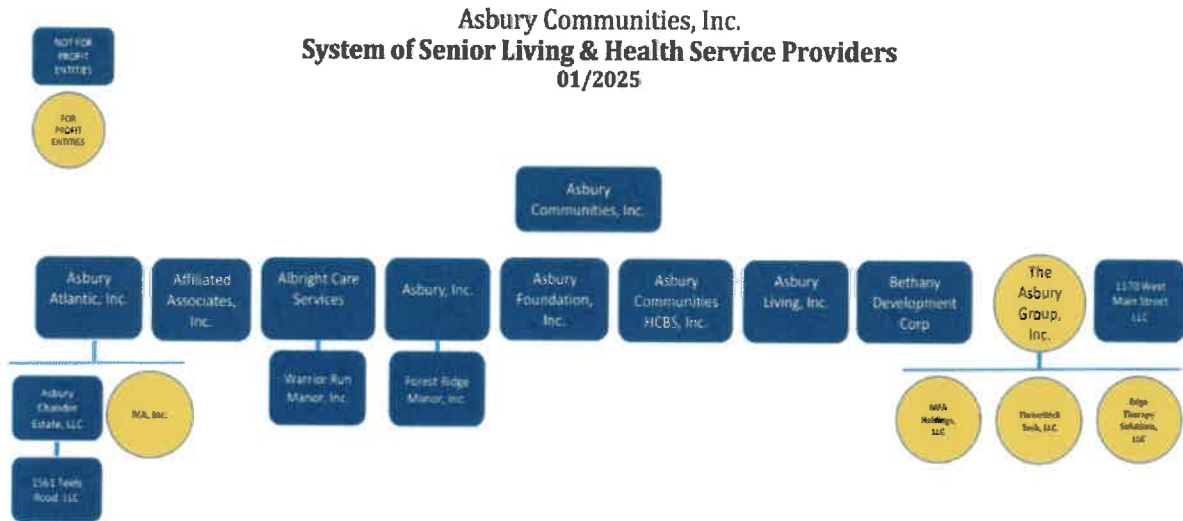
**Affiliated Associates, Inc.** is a payroll holding company which leases employees to the not-for-profit affiliates.

**Bethany Development Corp** owns and operates a section 202 HUD senior housing apartment building (Mechanicsburg, PA).

The Asbury Group, Inc. Asbury Communities is the 100% stockholder.

ThriveWell Tech LLC provides IT products and services to Asbury Communities, Inc., and other third-party entities. The Asbury Group, Inc. is the sole Member.

MFA Holdings LLC owns and operates Asbury Place Maryville, Asbury Place Kingsport/Baysmont, and Asbury Place Kingsport/Steadman Hill. The Asbury Group, Inc. owns a minority (40%) interest in MFA Holdings.



#### 4. GOVERNANCE & MANAGEMENT

Management of Bethany Village is led by Brian D. Grundusky. Mr. Grundusky has thirty (30) years of experience in the senior care field and is the Executive Director of Bethany Village. Management is responsible for the day-to-day operations and overall functioning of Bethany Village. Several governing boards provide an oversight of Bethany Village.

The Bethany Village Community Advisory Committee works directly with the Executive Director and is focused exclusively on Bethany Village’s programs, quality of care and service, master campus planning, and fundraising activities (in conjunction with the Asbury Foundation). The Community Advisory Committee communicates community needs and makes recommendations to the Asbury Atlantic Board

##### **Asbury Atlantic, Inc.** **Governance**

The Asbury Atlantic, Inc. Board of Directors is responsible for governing the corporation and its CCRCs, including Bethany Village. At least one of the Asbury Atlantic Directors is a current resident of one of the Asbury communities. None of the Directors have a financial interest in Asbury Atlantic, Inc. The officers, except for the chair and vice chair of the Board of Directors, are compensated staff members.

regarding its scope of responsibility. The Asbury Atlantic, Inc. Board of Directors is legally responsible for control of Bethany Village and is primarily responsible for approving budget and maintaining financial health as well as monitoring quality of care and services. The Asbury Communities Board of Directors is focused on enhancing the strength of the entire fulfillment of its purpose and recognizing its full potential for providing services for the aging.

All decisions regarding Bethany Village are made in accordance with the Asbury mission, vision, core values, and the charitable purpose of the organization. In making decisions and setting strategic direction, the management and governing boards are responsible for considering what is best for current and future residents of Bethany Village as well as the organization. It is important to bear in mind that resident input is sought and highly regarded, and residents have a voice in many decisions; however, residents are not part of management and do not direct the operation of the campus.

*Please see **Exhibit A** for a listing of the Asbury Atlantic, Inc. Directors and Officers.*

## **Periodic Meetings between Residents and Management**

The Executive Director and various members of the Bethany Village management team meet monthly with the residents at a scheduled Resident Coffee. Topics include operational updates and other issues of interest to residents. The meetings are held on the first Thursday of each month in the same location. All residents are invited. Additionally, the Executive Director conducts financial update reviews on a quarterly basis at these Resident Coffees.

## **Services Agreements**

Bethany Village receives business services from Asbury Communities, pursuant to a Services Agreement. Services include financial, information technology, legal, human resources, governance, clinical, and marketing.

Associates on the Bethany Village campus are not employees of Asbury Communities. Rather, Asbury Communities employs additional staff to provide support to its affiliated entities. For example, the human relations department at Asbury Communities negotiates the benefits packages for all employees in the Asbury Communities system. This arrangement eliminates the need for Bethany Village to shoulder the burden of hiring all necessary staff or expertise to provide such services.

The organization also contracts with third party service providers. Examples are its management services agreement with Sodexo to provide Environmental Services and Aramark to provide food services in Asbury Communities' continuing care retirement communities. Depending on the community, these contracts may include dining, housekeeping, maintenance, and laundry services. The employees in these departments are Bethany Village employees, but the manager of each department is a Sodexo or Aramark employee. By contracting services with Sodexo and Aramark, Bethany Village receives a consistently high level of service for a lower cost than if each continuing care retirement community procured or provided these services on its own.

At no time have Asbury Atlantic, Inc., Asbury Communities, Inc., third party service providers, affiliates and their Directors and Officers been convicted of a felony or pled nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment. Further, neither the entities nor their respective Directors and Officers are subject to a currently effective injunctive or restrictive order of a court of record, or within the past five (5) years has any State or Federal license or permit been suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or healthcare, including without limitation, action affecting a license to operate a nursing home, retirement home, home for the aged or facility registered under the State of Pennsylvania or similar acts in another state.

## 5. SERVICES & FEES

*The following services are included in the monthly fee for Apartments, Bethany Residential Center Apartments and Cottages unless otherwise noted:*

- Ground maintenance, trash removal, snow removal and exterior repair
- Interior maintenance and replacement of Bethany Village supplied appliances
- Utilities (except Cottages and Villas)
- Basic cable service
- 24-hour security services
- Parking
- Use of all campus outdoor areas
- Use of private meeting rooms and entertainment areas
- Access to campus amenities, social and recreational programs
- Well-Being programming (except for special classes)
- Scheduled transportation
- Move-in coordination services

*The following services are available for an extra charge:*

- Additional dining services for residents and guests
- Catering services
- Beauty salon
- Additional housekeeping services
- Additional maintenance services
- Unscheduled transportation and medical appointments
- Rehabilitation, and personal care services

The cost of residence in Bethany Village MapleWood Assisted Living or The Oaks Skilled Nursing is not included in the monthly fee for apartments and cottages.

Fees for Assisted Living and The Oaks Skilled Nursing are listed in **Exhibit B**.

### **Description of Fees**

Bethany Village offers three entry fee options: (1) standard entrance fee; (2) 50 percent refundable entrance fee, and (3) 80 percent refundable entrance fee. The standard fee option is lower in cost than the refundable fee options. The standard entrance fee is amortized over the first 60 months of residency. After 60 months, there is no refundable

portion of the standard entrance fee remaining. The 50 percent refundable entrance fee option returns 50 percent of the amount paid by the resident. The 80 percent refundable entrance fee option returns 80 percent of the entrance fee paid. Refundable entrance fees are paid when Bethany Village receives an entrance fee from a successor resident for the vacated unit and the vacating resident no longer resides in any accommodation at the community. Please see the Residency Agreement for additional details regarding Entrance Fee refunds.

Type of Fee	Entrance Fee	Monthly Fee	Ancillary Fees
Frequency of Payment	Paid once upon entrance to community	Paid Monthly	Paid Monthly
Other Info	Includes refundable* and standard entrance fee options. Amount depends upon the fee option and unit type/size.	Covers cost of unit and other services (see above Description of Services).	Covers cost of additional products and services that are not covered in the Monthly Fee (see above Description of Services).
* According to terms and conditions of the Residency Agreement.			

In addition to the entrance fee, residents pay a monthly fee, depending upon the size and type of unit, as well as an ancillary fee for products and services not included in the monthly fee. A listing of current residential living fees is located in **Exhibit B** and the historical monthly fees by unit are located in **Exhibit C**.

### Use of Fees

All fees paid by residents to Asbury Atlantic may be used by Asbury Atlantic for any legal purpose, including the payment of debt (principal and interest), the payment of management fees to Asbury Communities, doing business as Asbury, (to be used by Asbury for any purpose in keeping with its mission, vision and tax exempt charitable purpose), the transfer of funds to Asbury (to be used by Asbury for any purpose in keeping with its mission, vision and tax exempt charitable purpose), the expansion of services on the Bethany Village campus or through the purchase or construction of a CCRC or other business or entity serving the organization's mission and tax exempt purpose, the creation of a new line of business serving the organization's mission and tax exempt purpose, and/or any other purpose.

#### Fee for Service CCRC

Bethany Village is a *Type C*, fee for service continuing care retirement community. Residents pay the standard per diem fees if they need personal care or nursing services. The fees do not include any free or discounted health care or personal care services. However, they do receive priority admission for those services. Residents are also eligible for benevolent care support if they exhaust their financial resources through no fault of their own.

### Average Annual Cost of Providing Services

The average annual cost of providing care and services during the most recent twelve-month period is \$45,013. Actual costs will vary substantially according to the size of the living unit, the number of occupants, and upon the extent of additional services which an occupant uses during the course of the year.

### Benevolent Care



A significant part of the organization's charitable mission is to ensure that residents who have outlived their resources through no fault of their own are able to continue to reside at Bethany Village. This means that residents who have conserved resources will be eligible to apply for and receive benevolent care support, as long as the provision of such support does not impair the ability of the organization to operate on a sound financial basis and maintain the facilities and services for other residents at Bethany Village.

The Asbury Foundation, a 501 (c) (3) not-for-profit organization, actively seeks donations for benevolent care, including a special endowment fund, to offset the costs of providing this support.

## 6. FINANCIAL STRENGTH & STEWARDSHIP

*The financial statements for the year ending December 31, 2024, for Asbury Atlantic, Inc. as audited by CliftonLarsonAllen LLP, a qualified independent certified public accountant who has not entered into indemnity clauses, which are prohibited in 31 Pa. Code §147.6(b)(4). Financial Statements are located at **Exhibit D**.*

### Pennsylvania Obligated Group

Bethany Village does not have any individual long-term debt. Instead, all its long-term debt is part of the Pennsylvania Obligated Group. The Pennsylvania Obligated Group is comprised of Asbury Atlantic, Inc. (Bethany Village and Springhill property only). Both are jointly and individually responsible for the total long-term debt related to Bethany Village and Springhill. For financial statement purposes, the long-term debt for liability of principle and

interest is allocated to the respective community for which the debt was incurred. Since the inception of the Pennsylvania Obligated Group, there has never been a time that either Bethany Village or Springhill were unable to pay their share of the debt of the Pennsylvania Obligated Group.

Being part of the Pennsylvania Obligated Group enables each continuing care retirement community to obtain the capital funds it requires at a lower interest rate than it could if it were to borrow the funds individually.

Asbury Communities is not a member of the Pennsylvania Obligated Group. However, Asbury Communities has contractual obligations to maintain specific liquidity levels and to provide financial support to the Pennsylvania Obligated Group under certain circumstances. Asbury also has contractual obligations to maintain specific liquidity levels and to provide financial support to a separate Maryland Obligated Group under certain circumstances.

**Long Term Financing**

Currently, the Pennsylvania Obligated Group is responsible for a total long-term debt of \$113,144,084, which is allocated into the following four separate tax-exempt bond issuances.

Bond Series	Type	Maturity Date	Principle Outstanding (as of 12/31/2024)
2019 PA Bonds	Fixed Rate Revenue Bonds	2021-2045	51,145,000
2021A PA Bonds	Fixed Rate Revenue Bonds	2034-2041	27,235,000
2021B PA Bonds	Variable Rate Revenue Bonds	2022-2034	17,225,000
2022A PA Bonds	Variable Rate Revenue Bonds	2025-2037	17,539,084

**Funding Community Enhancement**

Bethany Village maintains a statutory reserve of \$4,515,860 that is required by Pennsylvania law.

Springhill maintains a statutory reserve of \$1,250,157 that is required by Pennsylvania law.

## **Management of Investments**

All investment funds are managed pursuant to Investment Guidelines established by the System Audit & Finance/Investment Committee, which meets quarterly. At each quarterly meeting, fund performance for the various funds is reported upon, and as necessary, the Investment Guidelines are changed to meet the needs of the organizational investment structure. The Committee is populated by Directors with various professional backgrounds and expertise and are supported by the Chief Financial Officer and Vice President & Controller. Further, the Committee engages third party consultants as the Committee's advisors to its investment portfolio. The advisors provide reports during the Committee's meetings, make investments recommendation based on the Investment guidelines and are available to answer questions.

# **EXHIBIT**

# **A**

**ASBURY ATLANTIC, INC.  
BOARD OF DIRECTORS  
2025**

<b>DIRECTORS (3-9)</b>	<b>Overlap Boards</b>
Efonda Sproles, Chair	Asbury Communities, Inc.
Rich Shuman, Vice Chair	Asbury Communities, Inc.
Mariana Matus	Asbury Communities, Inc.
Veronica Hill-Milbourne	Asbury Communities, Inc.
Barbara Harbison *(AMV)	
Todd Andrews	
<i>* Resident Board Members</i>	

<b>OFFICERS</b>
Todd Andrews, President
Andrew Joseph, Secretary
Andrew Jeanneret, Treasurer

**EXHIBIT**

**B**

Bethany Village  
MapleWood Assisted Living  
2025 Rate Schedule

	Subscribers	Non-Subscribers	Non-Subscribers Beginning 1/01/2025
Level 1	\$276.00 per day	\$291.00 per day	\$306.00 per day
Level 2	\$296.00 per day	\$311.00 per day	\$326.00 per day
Level 3	\$325.00 per day	\$340.00 per day	\$355.00 per day
Golden Maple, Memory Support Neighborhood	\$351.00 per day	\$366.00 per day	\$381.00 per day

For couples residing in one suite, the person at the lowest level of care will receive a \$40.00 per day reduction in fees.

Meal Credit (\$5.00 per day), Laundry Credit (\$0.35 per day) and Housekeeping Credit (\$0.45 per day) will be issued if a resident is admitted to a Health Care Center or Medical treatment facility, or if absent for more than 7 consecutive days.

Subscribers are residents who have paid an entrance fee or residents that were admitted prior to December 1, 2005.

I, \_\_\_\_\_, hereby acknowledge receipt  
*(Print Name & Signature of Payer)*  
of the 2025 Rate Schedule for Bethany Village, MapleWood Assisted Living. \_\_\_\_\_  
*(Date)*

***Please sign one copy and return in the enclosed envelope to:***

Bethany Village, MapleWood Assisted Living  
Bridget Walling, Administrator  
5225 Wilson Lane, Door #21  
Mechanicsburg, PA 17055

Or fax to: **717-591-0279, Attn: Bridget Walling**

Or email to: **[bwalling@asbury.org](mailto:bwalling@asbury.org)**

**Bethany Village  
The Oaks, Skilled Nursing  
2025 Rate Schedule**

<b>Semi-private room</b>	<b>\$490.00 per day</b>
<b>Private Room</b>	<b>\$551.00 per day</b>
<b>Colonial Heights Neighborhood, Memory Support</b>	<b>\$606.00 per day</b>

## Bethany Village Residential Living 2025 Rate Schedule

### Bethany Center:

Oxford Rental	\$1798 per month
Strawbridge Rental	\$2228 per month
Second person fee	\$500 per month

### Bethany Court:

St. Simons	\$2079 per month
Nashville	\$2371 per month
Dayton	\$2406 per month
Junaluska	\$2604 per month
Nashville II	\$2638 per month
Junaluska II	\$2718 per month
Second person fee	\$500 per month

### East Cottages:

Contract B	\$1821 per month
Second person fee (New Residents after 1/01/2024)	\$250

### West Apartments:

Penn	\$2940 per month
Eisenhower	\$3200 per month
Meade	\$3200 per month
Carnegie	\$3291 per month
Marshall	\$3344 per month
Buchanan	\$3407 per month
Franklin	\$3462 per month
Second person fee	\$500 per month

### West Cottages & Estate Homes:

Aspen	\$2219 per month
Hickory	\$2219 per month
Chestnut	\$2219 per month
Estate Home	\$3187 per month
Second person fee (New Residents after 1/01/2024)	\$250

# **EXHIBIT**

# **C**

<b>Floor Plan</b>	<b>Year 2021</b>	<b>Year 2022</b>	<b>Year 2023</b>	<b>Year 2024</b>	<b>Year 2025</b>
Oxford - RENTAL	\$ 1,488	\$ 1,555	\$ 1,682	\$ 1,741	\$ 1,798
Strawbridge - RENTAL	\$ 1,845	\$ 1,928	\$ 2,085	\$ 2,158	\$ 2,228
Second Person Fee	\$ 513	\$ 500	\$ 500	\$ 500	\$ 500
St. Simons	\$ 1,722	\$ 1,799	\$ 1,946	\$ 2,014	\$ 2,079
Nashville	\$ 1,962	\$ 2,050	\$ 2,218	\$ 2,296	\$ 2,371
Dayton	\$ 1,992	\$ 2,082	\$ 2,251	\$ 2,330	\$ 2,406
Junaluska	\$ 2,156	\$ 2,253	\$ 2,437	\$ 2,522	\$ 2,604
Nashville II	\$ 2,185	\$ 2,283	\$ 2,469	\$ 2,555	\$ 2,638
Junaluska II	\$ 2,250	\$ 2,351	\$ 2,543	\$ 2,632	\$ 2,718
Second Person Fee	\$ 513	\$ 500	\$ 500	\$ 500	\$ 500
East Cottage (Contract A)	N/A	N/A			
East Cottage (Contract B)	\$ 1,512	\$ 1,580	\$ 1,708	\$ 1,768	\$ 1,821
Second Person Fee				\$ 250	250
Aspen	\$ 1,841	\$ 1,924	\$ 2,081	\$ 2,154	\$ 2,219
Hickory	\$ 1,841	\$ 1,924	\$ 2,081	\$ 2,154	\$ 2,219
Chestnut	\$ 1,841	\$ 1,924	\$ 2,081	\$ 2,154	\$ 2,219
Estate Home	\$ 2,645	\$ 2,764	\$ 2,989	\$ 3,094	\$ 3,187
Second Person Fee				\$ 250	\$ 250
Penn	\$ 2,458	\$ 2,544	\$ 2,751	\$ 2,847	\$ 2,940
Eisenhower	\$ 2,674	\$ 2,768	\$ 2,994	\$ 3,099	\$ 3,200
Meade	\$ 2,674	\$ 2,768	\$ 2,994	\$ 3,099	\$ 3,200
Carnegie	\$ 2,751	\$ 2,847	\$ 3,079	\$ 3,187	\$ 3,291
Marshall	\$ 2,795	\$ 2,893	\$ 3,129	\$ 3,239	\$ 3,344
Buchanan	\$ 2,848	\$ 2,948	\$ 3,188	\$ 3,300	\$ 3,407
Franklin	\$ 2,895	\$ 2,996	\$ 3,240	\$ 3,353	\$ 3,462
Second Person Fee	\$ 513	\$ 500	\$ 500	\$ 500	\$ 500
AL Level 1	\$ 233	\$ 238	\$ 260	\$ 268	\$ 276
AL Level 1 (non-subscriber)	\$ 248	\$ 253	\$ 275	\$ 283	\$ 306
AL Level 2	\$ 250	\$ 255	\$ 279	\$ 287	\$ 296
AL Level 2 (non-subscriber)	\$ 265	\$ 270	\$ 294	\$ 302	\$ 326
AL Level 3	\$ 276	\$ 282	\$ 307	\$ 316	\$ 325
AL Level 3 (non-subscriber)	\$ 291	\$ 297	\$ 322	\$ 331	\$ 355
AL - Alzheimer	\$ 297	\$ 303	\$ 331	\$ 341	\$ 351
AL - Alzheimer (non-subscriber)	\$ 312	\$ 318	\$ 346	\$ 356	\$ 381

SNF - Semi-Private	\$	401	\$	419	\$	458	\$	476	\$	490
SNF - Private	\$	451	\$	471	\$	514	\$	535	\$	551
SNF - Alzheimer	\$	495	\$	517	\$	565	\$	588	\$	606

# **EXHIBIT**

# **D**

**ASBURY ATLANTIC, INC.**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**ASBURY ATLANTIC, INC.**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>4</b>
<b>STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>BALANCE SHEET BY LOCATION</b>	<b>46</b>
<b>STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT WITHOUT     DONOR RESTRICTIONS BY LOCATION</b>	<b>48</b>
<b>STATEMENT OF CASH FLOWS BY LOCATION</b>	<b>50</b>



## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Asbury Atlantic, Inc.  
Frederick, Maryland

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Asbury Atlantic, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asbury Atlantic, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

Audit Committee  
Asbury Atlantic, Inc.

***Supplementary Information***

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



**CliftonLarsonAllen LLP**

Timonium, Maryland  
April 17, 2025

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

<b>ASSETS</b>	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 8,332,523	\$ 6,669,482
Investments	43,484,907	42,559,342
Accounts Receivable	7,835,496	6,752,059
Allowance for Credit Losses	(1,658,188)	(1,261,922)
Other Receivables and Prepaid Expenses	10,862,056	9,721,854
Investments Held under Bond Indenture	9,553,877	9,548,702
Total Current Assets	78,410,671	73,989,517
Due from ACOMM, Net	108,217,175	98,808,634
Property and Equipment, Net	272,973,012	266,376,676
Right-Of-Use Assets - Operating Leases, Net	590,641	1,036,571
Right-Of-Use Assets - Finance Leases, Net	137,178	283,850
Investments Restricted by Donors	16,664,382	14,886,535
Deposits and Other Assets	275,572	388,323
Investments Held under Bond Indenture	16,849,695	22,074,397
Statutory Reserves	28,793,630	27,402,558
Investments Restricted by Board	5,319,953	4,907,792
Beneficial Interest in Net Assets of Foundation	35,166,561	35,036,729
Valuation of Derivative Instruments	2,698,986	2,259,547
	\$ 566,097,456	\$ 547,451,129
Total Assets	\$ 566,097,456	\$ 547,451,129

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2024 AND 2023**

<b>LIABILITIES AND NET DEFICIT</b>	2024	2023
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 1,330,522	\$ 1,391,680
Accrued Interest Payable	4,887,748	5,079,674
Obligations under Charitable Gift Annuities	61,303	74,702
Deposits from Prospective Residents	4,600,095	3,730,195
Entrance Fees - Refundable	5,584,436	7,387,527
Deferred Revenue	1,070,408	1,166,738
Current Portion of Lease Liabilities - Operating Leases	413,830	452,092
Current Portion of Lease Liabilities - Finance Leases	76,338	158,540
Current Portion of Long-Term Debt	11,431,357	10,462,276
Total Current Liabilities	29,456,037	29,903,424
Long-Term Lease Liabilities - Operating Leases, Net of Current	176,811	584,479
Long-Term Lease Liabilities - Finance Leases, Net of Current	29,955	96,106
Long-Term Debt, Less Current Portion	230,116,202	234,527,499
Contingent Refundable Entrance Fee Liability	135,549,148	145,811,933
Entrance Fees - Deferred Revenue	194,486,275	186,606,917
Obligations under Charitable Gift Annuities	79,844	116,865
Other Liabilities	1,500,000	1,500,000
Total Liabilities	591,394,272	599,147,223
<b>NET ASSETS (DEFICIT)</b>		
Without Donor Restrictions	(67,812,755)	(94,106,275)
With Donor Restrictions	42,515,939	42,410,181
Total Net Deficit	(25,296,816)	(51,696,094)
Total Liabilities and Net Deficit	\$ 566,097,456	\$ 547,451,129

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Resident Services Revenue	\$ 153,443,704	\$ 146,066,652
Other Operating Revenue	2,436,045	4,921,970
Amortization of Entrance Fees	30,025,130	27,294,242
Interest and Dividend Income, Net	5,826,139	4,534,102
Net Realized Gain (Loss) on Investments	9,633,955	(1,934,387)
Net Unrealized Gain (Loss) on Equity Security Investments	(3,070,610)	8,736,543
Allocations from Asbury Foundation, Inc.	7,952,066	10,033,732
Total Revenues, Gains, and Other Support	206,246,429	199,652,854
<b>EXPENSES</b>		
Salaries	61,866,713	60,198,697
Employee Benefits	13,590,832	13,182,185
Contract Labor	9,030,195	9,783,047
Food Purchases	6,620,006	6,168,814
Medical Supplies and Other Resident Costs	5,148,809	5,085,493
General and Administrative	2,827,225	2,771,048
Building and Maintenance	17,806,853	18,162,559
Professional Fees and Insurance	2,095,322	1,907,838
Interest	10,496,937	10,541,646
Taxes	4,342,667	4,266,786
Provision for Credit Losses	918,067	796,041
Depreciation and Amortization	28,797,143	28,499,904
Service and Other Fees	19,713,418	19,003,218
Total Expenses	183,254,187	180,367,276
<b>INCOME FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS AND GAIN ON DISPOSAL OF ASSETS</b>	22,992,242	19,285,578
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	439,439	(268,079)
Gain on Disposal of Assets	528,564	4,040,882
<b>INCOME FROM OPERATIONS</b>	23,960,245	23,058,381

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>		
Income from Operations	\$ 23,960,245	\$ 23,058,381
Net Unrealized Gain on Fixed Income Securities and Other Investments	1,078,589	418,030
Net Assets Released from Restrictions Used for Purchase of Capital Items	1,863,186	423,753
Transfers to ACOMM	<u>(608,500)</u>	<u>(647,250)</u>
Net Decrease in Net Deficit Without Donor Restrictions	26,293,520	23,252,914
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Net Assets Released from Restriction Used for Purchase of Capital Items	(1,863,186)	(423,753)
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	1,993,018	2,459,134
Changes in Value of Obligations under Charitable Gift Annuities	<u>(24,074)</u>	<u>(33,424)</u>
Net Increase in Net Assets With Donor Restrictions	105,758	2,001,957
<b>CHANGES IN NET DEFICIT</b>	26,399,278	25,254,871
Net Deficit - Beginning of Year	<u>(51,696,094)</u>	<u>(76,950,965)</u>
<b>NET DEFICIT - END OF YEAR</b>	<u>\$ (25,296,816)</u>	<u>\$ (51,696,094)</u>

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Deficit	\$ 26,399,278	\$ 25,254,871
Adjustments to Reconcile Changes in Net Deficit to		
Net Cash Provided by Operating Activities		
Provision for Credit Losses	918,067	796,041
Depreciation and Amortization	28,632,626	28,342,262
Amortization of Deferred Financing Costs	234,025	291,995
Amortization of Bond Premium/Discount	(780,550)	(780,550)
Amortization of Right-of-Use Asset - Finance Leases	164,517	157,642
Amortization of Entrance Fees	(30,025,130)	(27,294,242)
Net Proceeds from Nonrefundable Entrance Fees	38,301,150	39,046,668
Net Unrealized (Gain) Loss on Investments	1,992,021	(9,154,573)
Net Realized (Gain) Loss on Investments	(9,633,955)	1,934,387
Gain on Disposal of Assets	(528,564)	(4,040,882)
Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instruments	(439,439)	268,079
Changes in Beneficial Interest in Net Assets of Foundation	(129,832)	(2,035,381)
Changes in Value of Obligations Under Charitable Gift Annuities	24,074	33,424
Transfers to ACOMM	608,500	647,250
Changes in Assets and Liabilities:		
Accounts Receivable	(1,605,238)	(1,157,444)
Other Receivables and Prepaid Expenses	405,589	(853,763)
Deferred Entrance Fees	(1,545,791)	(1,091,244)
Other Assets	112,751	105,207
Deferred Revenue	(1,871,369)	(330,642)
Accounts Payable and Accrued Expenses	(61,158)	(2,241,716)
Accrued Interest Payable	(191,926)	(362,337)
Net Cash Provided by Operating Activities	50,979,646	47,535,052
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment, Net	(34,700,398)	(25,505,053)
Purchases of Investments	(103,134,343)	(46,345,315)
Sales of Investments	107,660,704	45,165,285
Net Cash Used by Investing Activities	(30,174,037)	(26,685,083)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Refundable Entrance Fees and Refundable Deposits	7,321,477	10,245,097
Proceeds from Issuance of Debt	8,029,603	7,055,473
Refunds from Refundable Entrance Fees and Refundable Deposits	(17,139,076)	(20,252,309)
Payments on Debt	(10,923,194)	(9,736,238)
Payments for Deferred Financing Costs	(2,100)	(19,938)
Payments on Finance Leases	(166,198)	(155,403)
Payments on Obligations under Charitable Gift Annuities	(74,494)	(64,484)
Change in Due to ACOMM, Net	(9,408,541)	(22,353,258)
Transfers to ACOMM	(608,500)	(647,250)
Net Cash Used by Financing Activities	(22,971,023)	(35,928,310)
<b>DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(2,165,414)	(15,078,341)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	65,695,139	80,773,480
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 63,529,725	\$ 65,695,139
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 11,235,388	\$ 11,392,538
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Right-of-Use Asset Received in Exchange for Operating Leases	\$ 313,356	\$ 4,534
Right-of-Use Asset Received in Exchange for Finance Leases	\$ 170,154	\$ 170,895

See accompanying Notes to Financial Statements.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION**

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

AMV and AS are continuing-care retirement communities (CCRC) located in Gaithersburg, Maryland and Calvert County, Maryland, respectively. BV and SH are CCRCs located in Mechanicsburg, Pennsylvania and Erie, Pennsylvania, respectively. A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, health care, and other related healthcare and lifestyle services to seniors. Cash transferred from Asbury Atlantic to ACOMM during 2024 and 2023 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).

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents, and Restricted Cash**

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

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 8,332,523	\$ 6,669,482
Restricted Cash Included in Current Investments		
Held under Bond Indenture	9,553,877	9,548,702
Restricted Cash Included in Long-Term Investments		
Held under Bond Indenture	16,849,695	22,074,397
Restricted Cash Included in Statutory Reserves	<u>28,793,630</u>	<u>27,402,558</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 63,529,725</u>	<u>\$ 65,695,139</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.

Under the Medicare and Medicaid reimbursement and other third-party agreements, amounts collected for services to patients under these agreements are computed at contractually agreed-upon rates. Accounts receivable have been adjusted to reflect the difference between charges and the reimbursable amounts under these third-party contracts. Revenues from Medicare and Medicaid programs and other third-party agreements accounted for approximately 22% and 21% of total resident service revenues for the years ended December 31, 2024 and 2023, respectively.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2024 and 2023, the allowance for estimate of expected credit losses was \$1,658,188 and \$1,261,922, respectively.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable and Allowance for Credit Losses (Continued)**

Changes in the allowance for credit losses for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 1,261,922	\$ 1,001,045
Provision for Losses	905,822	788,996
Amounts Written Off	(516,368)	(535,164)
Recoveries	6,812	7,045
Balance, End of Year	<u>\$ 1,658,188</u>	<u>\$ 1,261,922</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.

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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income (Continued)**

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.

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 (loss) from operations.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

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 2024 and 2023.

**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 \$375,332 and \$447,869 for the years ended December 31, 2024 and 2023, 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.

**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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident Services Revenue (Continued)**

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: 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.

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, resident's 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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Resident Services Revenue (Continued)**

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.

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

	<u>2024</u>	<u>2023</u>
Entrance Fees - Refundable	\$ 5,584,436	\$ 7,387,527
Contingent Refundable Entrance Fees	135,549,148	145,811,933
Entrance Fees - Deferred Revenue:		
25% to 100% Refundable Contracts	7,100,983	6,873,333
Standard Entrance Fee Option Contracts:		
Five-Year Contracts	178,697,148	177,766,802
Nine-Year Contracts	633,668	801,973
Fifty-Month Contracts	6,979,390	-
Nonrefundable	<u>1,075,086</u>	<u>1,164,809</u>
Total Entrance Fees - Deferred Revenue	<u>194,486,275</u>	<u>186,606,917</u>
 Total Entrance Fees	 <u>\$ 335,619,859</u>	 <u>\$ 339,806,377</u>

Asbury Atlantic records 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.

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

	<u>2024</u>	<u>2023</u>
Medicaid	\$ 16,634,451	\$ 16,671,179
Medicare	16,576,722	13,376,630
Managed Care	1,112,669	1,217,549
Private Pay	<u>119,119,862</u>	<u>114,801,294</u>
Total Resident Services Revenue	<u>\$ 153,443,704</u>	<u>\$ 146,066,652</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, 2024 AND 2023**

**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:

	2024				
	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Total
<b>Service Lines:</b>					
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>
<b>Method of Reimbursement:</b>					
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>
<b>Timing of Revenue and Recognition:</b>					
<b>Health Care Services</b>					
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>
	2023				
	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Total
<b>Service Lines:</b>					
Skilled Nursing Facility	\$ 29,447,831	\$ 6,358,212	\$ 12,410,592	\$ 10,300,369	\$ 58,517,004
Assisted Living	13,375,251	2,172,288	9,719,817	2,321,779	27,589,135
Independent Living	31,339,643	10,635,130	11,204,207	6,032,679	59,211,659
Retail Sales	172,959	73,218	273,803	228,874	748,854
Total	<u>\$ 74,335,684</u>	<u>\$ 19,238,848</u>	<u>\$ 33,608,419</u>	<u>\$ 18,883,701</u>	<u>\$ 146,066,652</u>
<b>Method of Reimbursement:</b>					
Fee for Services	\$ 74,162,725	\$ 19,165,630	\$ 33,334,616	\$ 18,654,827	\$ 145,317,798
Retail Sales	172,959	73,218	273,803	228,874	748,854
Total	<u>\$ 74,335,684</u>	<u>\$ 19,238,848</u>	<u>\$ 33,608,419</u>	<u>\$ 18,883,701</u>	<u>\$ 146,066,652</u>
<b>Timing of Revenue and Recognition:</b>					
<b>Health Care Services</b>					
Transferred Over Time	\$ 74,162,725	\$ 19,165,630	\$ 33,334,616	\$ 18,654,827	\$ 145,317,798
Sales at Point in Time	172,959	73,218	273,803	228,874	748,854
Total	<u>\$ 74,335,684</u>	<u>\$ 19,238,848</u>	<u>\$ 33,608,419</u>	<u>\$ 18,883,701</u>	<u>\$ 146,066,652</u>

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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, 2024 and 2023 was \$3,086,426 and \$3,495,125, respectively.

**Occupancy Percentages**

During the years ended December 31, 2024 and 2023, 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:

	2024				2023			
	Bethany Village	Springhill	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Methodist Village	Asbury Solomons, Inc.
Total Skilled Nursing Center Occupancy	96%	92%	95%	74%	96%	91%	95%	81%
Medicaid	26%	46%	46%	37%	29%	42%	50%	36%
Medicare	8%	3%	29%	15%	7%	3%	23%	10%
Private Pay and Other	66%	51%	25%	48%	64%	55%	27%	54%

**Provider Relief Funds**

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

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Additionally, the U.S. Department of Homeland Security made available emergency relief grant funds through the Federal Emergency Management Agency (FEMA). Total grant funds approved and received by the Company for the years ended December 31, 2024 and 2023 was \$-0- and \$3,734,822, 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, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Provider Relief Funds (Continued)**

At December 31, 2024, the Company reduced other operating revenue by \$2,058 and at December 31, 2023 the Company recognized \$3,224,321 as other operating revenue in the statements of operations and changes in net deficit. At December 31, 2024 and 2023, the Company recognized \$512,559 and \$510,501, respectively, as deferred revenue in the balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2024 and 2023.

**Contributions**

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

**Net Assets and Endowment Funds**

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

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

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

Net assets with donor restrictions that are temporary in nature consist of assets held on behalf of Asbury Atlantic, Inc. by AFOUND and BV. The temporary restricted net assets fulfill donor intent by providing for programs, equipment and other health and educational services based on donor designation.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets and Endowment Funds (Continued)**

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 (Loss) from Operations**

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

**Tax Status**

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

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.

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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The 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.

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

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

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.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 17, 2025, the date the financial statements were issued.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

As of December 31, 2024 and 2023, the Company has working capital of \$48,954,634 and \$44,086,093, 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>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 8,332,523	\$ 6,669,482
Investments	43,484,907	42,559,342
Accounts Receivable, Net	6,177,308	5,490,137
Other Receivables	10,862,056	9,721,854
Investments Held Under Bond Indenture	9,553,877	9,548,702
Total Financial Assets	<u>\$ 78,410,671</u>	<u>\$ 73,989,517</u>

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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.

Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay.

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Medicare and Medicaid (Continued)**

*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.

**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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Other (Continued)**

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2024 and 2023.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Company estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit loss expense.

**Pennsylvania Department of Insurance Reserve Requirements**

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Pennsylvania Department of Insurance Reserve Requirements (Continued)**

The statutory minimum liquid reserve requirement for BV as of December 31, 2024 and 2023 is \$4,515,860 and \$4,019,931, 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>2024</u>	<u>2023</u>
Projected Annual Interest Expense	\$ 3,693,393	\$ 3,773,089
Principal Payments Due on Long-Term Debt	<u>2,803,313</u>	<u>1,982,002</u>
Liquid Reserve Requirement	6,496,706	5,755,091
Projected Annual Operating Expenses	35,572,572	34,531,658
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	3,557,257	3,453,166
Maximum Liquid Reserve Requirement	6,496,706	5,755,091
Approximate Percentage of Continuing Care Clients	<u>70%</u>	<u>70%</u>
Statutory Minimum Liquid Reserve	<u>\$ 4,515,860</u>	<u>\$ 4,019,931</u>

The statutory minimum liquid reserve requirement for SH as of December 31, 2024 and 2023 is \$1,250,157 and \$1,167,558 respectively. The 2024 reserve is based on 10% of the projected annual operating expenses exclusive of depreciation and amortization, and the 2023 reserve is based on the projected annual debt service requirements for SH. The statutory minimum liquid reserve requirement as of December 31 for SH is as follows:

	<u>2024</u>	<u>2023</u>
Projected Annual Interest Expense	\$ 1,071,752	\$ 1,384,422
Principal Payments Due on Long-Term Debt	<u>814,787</u>	<u>636,624</u>
Liquid Reserve Requirement	1,886,539	2,021,046
Projected Annual Operating Expenses	20,725,422	20,161,198
Minimum Rate	<u>10%</u>	<u>10%</u>
Liquid Reserve Requirement	2,072,542	2,016,120
Maximum Liquid Reserve Requirement	2,072,542	2,021,046
Approximate Percentage of Continuing Care Clients	<u>60%</u>	<u>58%</u>
Statutory Minimum Liquid Reserve	<u>\$ 1,250,157</u>	<u>\$ 1,167,558</u>

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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, 2024 and 2023, AMV and AS are in compliance with the reserve requirement. The total amount reserved for AMV is as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 96,947,950	\$ 94,263,625
Less: Depreciation and Amortization Expense	(17,611,664)	(17,465,064)
Interest Expense	(5,169,317)	(4,715,436)
Net Operating Expenses	<u>\$ 74,166,969</u>	<u>\$ 72,083,125</u>
 Total Operating Reserve (25% of Net Operating Expenses)	 <u>\$ 18,541,742</u>	 <u>\$ 18,020,781</u>
 Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 18,541,742</u>	 <u>\$ 18,020,781</u>
 Cash and Marketable Securities Available for Operating Reserve	 <u>\$ 18,541,742</u>	 <u>\$ 18,020,781</u>

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

	<u>2024</u>	<u>2023</u>
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 22,291,998	\$ 20,863,750
Less: Depreciation and Amortization Expense	(3,484,698)	(3,314,933)
Interest Expense	(863,816)	(771,665)
Net Operating Expenses	<u>\$ 17,943,484</u>	<u>\$ 16,777,152</u>
 Total Operating Reserve (25% of Net Operating Expenses)	 <u>\$ 4,485,871</u>	 <u>\$ 4,194,288</u>
 Required Reserves for the Year Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 4,485,871</u>	 <u>\$ 4,194,288</u>
 Cash and Marketable Securities Available for Operating Reserve	 <u>\$ 4,485,871</u>	 <u>\$ 4,194,288</u>

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 CONCENTRATION OF CREDIT RISK**

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

	<u>2024</u>	<u>2023</u>
Private Pay	42 %	38 %
Medicaid	23	27
Medicare	21	23
Other (Primarily Managed Care and Insurance)	14	12
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>2024</u>	<u>2023</u>
Investments:		
Cash and Short-Term Investments	\$ 565,304	\$ 7,269,623
Fixed-Income Securities and Mutual Funds	12,854,139	11,130,311
Equity Securities and Equity Mutual Funds	29,799,415	16,095,169
Alternative Investments	266,049	8,064,239
Total Investments	<u>\$ 43,484,907</u>	<u>\$ 42,559,342</u>
Investments Restricted by Donors:		
Cash and Short-Term Investments	\$ 115,798	\$ 58,600
Fixed-Income Securities and Mutual Funds	5,564,863	4,958,012
Equity Securities and Equity Mutual Funds	10,931,575	9,787,082
Real Estate Mutual Funds	52,146	82,841
Total Investments Restricted by Donors	<u>\$ 16,664,382</u>	<u>\$ 14,886,535</u>
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	<u>\$ 26,403,572</u>	<u>\$ 31,623,099</u>
Statutory Reserves:		
Cash and Short-Term Investments	<u>\$ 28,793,630</u>	<u>\$ 27,402,558</u>
Investments Restricted by Board:		
Cash and Short-Term Investments	\$ 69,159	\$ 618,252
Fixed-Income Securities and Mutual Funds	1,572,578	1,340,540
Equity Securities and Equity Mutual Funds	3,664,159	2,556,034
Alternative Investments	14,057	392,966
Total Investments Restricted by Board	<u>\$ 5,319,953</u>	<u>\$ 4,907,792</u>

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 INVESTMENTS (CONTINUED)**

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

	2024	2023
Debt Service Fund	\$ 10,300,566	\$ 10,149,880
Debt Service Reserve Fund	16,103,006	16,103,006
Project Fund	-	5,370,213
Total	<u>26,403,572</u>	<u>31,623,099</u>
Less: Current Portion	<u>(9,553,877)</u>	<u>(9,548,702)</u>
Long-Term Portion of Bond Indenture	<u>\$ 16,849,695</u>	<u>\$ 22,074,397</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, 2024 and 2023 as follows:

	2024	2023
Included Within Asbury Atlantic's Performance Indicator:		
Interest and Dividend Income, Net	\$ 5,826,139	\$ 4,534,102
Net Realized Gain (Loss) on Investments	9,633,955	(1,934,387)
Net Unrealized Gain (Loss) on Equity Security Investments	(3,070,610)	8,736,543
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	439,439	(268,079)
Total	<u>12,828,923</u>	<u>11,068,179</u>
Included in Other Changes in Net Deficit:		
Net Unrealized Gain on Fixed Income Securities and Other Investments	1,078,589	418,030
Total	<u>\$ 13,907,512</u>	<u>\$ 11,486,209</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, 2024 and 2023, 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, 2024 AND 2023**

**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, and Albright. Asbury Atlantic's beneficial interest in the net assets of AFOUND was \$35,166,561 and \$35,036,729 as of December 31, 2024 and 2023, respectively. The balance sheets of AFOUND consisted of the following at December 31:

<b>ASSETS</b>	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 15,161	\$ 99,380
Pledges Receivable, Net	974,654	602,841
Prepaid Expenses and Other Assets	57,092	45,335
Total Current Assets	1,046,907	747,556
Property and Equipment, Net	80,678	101,746
Investments Restricted by Donor	44,237,078	43,338,780
Pledge Receivable, Net	11,593,802	8,999,782
Long-Term Investments	1,200,000	1,330,000
Funds Held in Trust	2,719,711	3,419,102
Total Assets	\$ 60,878,176	\$ 57,936,966
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 167,100	\$ 47,796
Due to ACOMM, Net	18,227,891	16,914,226
Obligations under Charitable Gift Annuities	4,065,062	3,635,787
Total Liabilities	22,460,053	20,597,809
<b>NET ASSETS</b>		
With Donor Restrictions	38,418,123	37,339,157
Total Net Assets	38,418,123	37,339,157
Total Liabilities and Net Assets	\$ 60,878,176	\$ 57,936,966

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, and Albright.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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 4.37% and 3.84% at December 31, 2024 and 2023, 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>2024</u>	<u>2023</u>
Land and Improvements	\$ 49,396,032	\$ 48,606,307
Buildings and Improvements	572,046,371	569,080,180
Furniture and Equipment	64,538,292	63,490,389
Construction in Progress	824,641	712,343
Total	<u>686,805,336</u>	<u>681,889,219</u>
Less: Accumulated Depreciation	<u>(413,832,324)</u>	<u>(415,512,543)</u>
Property and Equipment, Net	<u>\$ 272,973,012</u>	<u>\$ 266,376,676</u>

Depreciation expense on property and equipment was \$28,534,006 and \$28,243,642 for the years ended December 31, 2024 and 2023, respectively.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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 2024 and 2023, 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, 2024 AND 2023**

**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 obliged to meet all debt service requirements for the Asbury Maryland 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 obliged to meet all debt service requirements for the Asbury Pennsylvania Obligated Group.

**Service Fees**

Asbury Atlantic received services from ACOMM under a service agreement at a cost of \$20,059,880 and \$19,471,202 in 2024 and 2023, 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 a services agreement with Albright to receive pharmacy services for the benefit of the residents at the BV and SH campuses. Albright submits monthly invoices to Asbury Atlantic for all products and services provided under this agreement on behalf of BV and SH residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to BV and SH for the years ended December 31, 2024 and 2023 was \$295,887 and \$305,137, respectively.

Asbury Atlantic has a services agreement with Albright to receive pharmacy services for the benefit of the residents at the AMV and AS campuses. Albright submits monthly invoices to Asbury Atlantic for all products and services provided under this agreement on behalf of AMV and AS residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to AMV and AS for the years ended December 31, 2024 and 2023 was \$1,158,055 and \$1,072,168, respectively.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 LONG-TERM DEBT**

Long-term debt consisted of the following:

	Interest Rate	Maturity Dates	2024	2023
Series 2022A PA Bonds	Variable Rate Revenue Bonds	2025 - 2037	\$ 17,539,084	\$ 9,970,397
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	17,225,000	18,275,000
Series 2019B MD Bonds	Variable Rate Revenue Bonds	2019 - 2027	3,639,000	3,816,000
Series 2019 PA Bonds	Fixed Rate Revenue Bonds	2021 - 2045	51,145,000	53,085,000
Series 2018A MD Bonds	Fixed Rate Revenue Bonds	2023 - 2036	73,390,000	78,070,000
Series 2018B MD Bonds	Fixed Rate Revenue Bonds	2022 - 2027	7,075,000	9,670,000
Subtotal			<u>237,248,084</u>	<u>240,121,397</u>
Unamortized Bond Premium/Discount on Bonds, Net			7,758,643	8,539,194
Unamortized Bond Financing Costs			(3,603,687)	(3,835,611)
Current Portion Bonds Payable			<u>(11,411,100)</u>	<u>(10,442,000)</u>
Total Bonds Payable			<u>229,991,940</u>	<u>234,382,980</u>
Note Payable			144,519	164,795
Current Portion Note Payable			<u>(20,257)</u>	<u>(20,276)</u>
Total Note Payable			<u>124,262</u>	<u>144,519</u>
Total Long-Term Debt			<u>\$ 230,116,202</u>	<u>\$ 234,527,499</u>

**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.

**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 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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**Series 2021 Pennsylvania (PA) Bonds**

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

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

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

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

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

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

**Series 2019 Maryland (MD) Bonds**

In November 2019, the Asbury Maryland Obligated Group (MD Obligated Group) entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2019A and Series 2019B Bonds. From the proceeds, the MD Obligated Group borrowed \$16,009,000 of Economic Development Project and Refunding Revenue Bonds Series 2019 (the Series 2019 MD Bonds), which was 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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**Series 2019 Pennsylvania (PA) Bonds**

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

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

As required by the bond agreements, the PA Obligated Group established various reserve funds from the proceeds of the bonds. The respective bond agreements require certain other funds to be established and maintained by the bond trustee.

**Series 2018 Maryland (MD) Bonds**

In October 2018, the MD Obligated Group entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2018A and Series 2018B Bonds. From the proceeds, the MD Obligated Group borrowed \$96,120,000 of Economic Development Project and Refunding Revenue Bonds Series 2018 (the Series 2018 MD Bonds), which was 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.

**Note Payable**

In October 2017, the Asbury Maryland Obligated Group entered into a management agreement with Sodexo Operations, LLC (Sodexo). Within this agreement, there is a contract commitment whereas Sodexo shall purchase equipment for the services stated in the management agreement and/or provide renovations in support of the services in an amount not to exceed \$7,000,000. Sodexo shall amortize the contract commitment on a straight-line basis over ten years, commencing with the date the equipment is placed in service or when renovation commences, as applicable. The balance of the contract commitment as of December 31, 2024 and 2023 is \$144,519 and \$164,795, respectively.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 11 LONG-TERM DEBT (CONTINUED)**

**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 \$234,025 and \$291,995 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023.

**Liens and Covenants**

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

The Asbury Maryland Obligated Group and the Pennsylvania Obligated Group are subject to various covenants under the bond agreements. These covenants include various reporting financial, and operational requirements. ACOMM has agreed to contribute cash to the Maryland Obligated Group and Pennsylvania Obligated Group under certain circumstances and, if necessary, to meet their debt-service coverage ratio and maintain their minimum days of cash-on-hand ratio. However, ACOMM is not contractually required to contribute cash to the Pennsylvania Obligated Group in an aggregate amount exceeding \$3,000,000. As of December 31, 2024, 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>
2025	\$ 11,431,357
2026	12,525,697
2027	14,599,919
2028	10,764,954
2029	10,804,222
Thereafter	177,266,454
Total	<u>\$ 237,392,603</u>

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 12 DERIVATIVE INSTRUMENTS**

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

Asbury Atlantic, on behalf of the MD Obligated Group, entered into swap agreements in connection with the issuance of the Series 2019 bonds. Under these agreements, Asbury Atlantic pays a fixed rate of interest of 2.226% (Series 2019A) and 2.309% (Series 2019B) and receives payments based on a floating rate based upon one-month SOFR. Payments on the Series 2019A agreement began on November 8, 2019 and terminated on November 1, 2023. Payments on the Series 2019B agreement began on November 8, 2019 and will terminate on November 1, 2027.

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

The following is a schedule outlining the terms and fair market values of the derivative instruments on December 31, 2024:

	Series 2019A MD	Series 2019B MD	Series 2021B PA	Series 2022	Total
Notional Amount -					
December 31, 2024	\$ -	\$ 3,639,000	\$ 17,225,000	\$ 15,836,492	
Trade Date	11/8/2019	11/8/2019	6/4/2021	7/26/2022	
Effective Date	11/8/2019	11/8/2019	10/4/2021	7/1/2024	
Termination Date	11/1/2023	11/1/2027	6/1/2033	7/1/2036	
Fixed Rate	2.226%	2.309%	1.080%	3.456%	
Fair Value - December 31, 2022	\$ 1,314	\$ 246,438	\$ 1,906,672	\$ 373,202	\$ 2,527,626
Unrealized Gain (Loss)	<u>(1,314)</u>	<u>(59,102)</u>	<u>(298,337)</u>	<u>90,674</u>	<u>(268,079)</u>
Fair Value - December 31, 2023	-	187,336	1,608,335	463,876	2,259,547
Unrealized Gain (Loss)	-	<u>(32,582)</u>	<u>38,409</u>	<u>433,612</u>	<u>439,439</u>
Fair Value - December 31, 2024	<u>\$ -</u>	<u>\$ 154,754</u>	<u>\$ 1,646,744</u>	<u>\$ 897,488</u>	<u>\$ 2,698,986</u>

Asbury Atlantic has included the fair market value of derivative instruments as an asset of \$2,698,986 and \$2,259,547 in the accompanying balance sheets as of December 31, 2024 and 2023, respectively. Net unrealized gain (loss) on derivative instruments were \$439,439 and (\$268,079) in 2024 and 2023, respectively.

**ASBURY ATLANTIC, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were \$42,515,939 and \$42,410,181 as of December 31, 2024 and 2023, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling \$38,077,407 and \$36,809,831 as of December 31, 2024 and 2023, respectively. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent care.

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

	2024	2023
Endowment Fund - Beginning of Year	\$ 36,809,831	\$ 35,325,230
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	1,291,650	1,518,025
Changes in Value of Obligations under Charitable Gift Annuities	(24,074)	(33,424)
Endowment Fund - End of Year	\$ 38,077,407	\$ 36,809,831

**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. For 2024, the employer match is 100% of employee contributions up to 3% and 50% on the next 2% of contributions for each eligible employee. For January 1 to May 13, 2023, the employer match was 100% of employee contributions up to 4% and 50% on the next 2% of contributions for each eligible employee. For May 14 to December 31, 2023, the employer match was 100% of employee contributions up to 3% and 50% on the next 1% of contributions for each eligible employee. The employer's contribution expense for the years ended December 31, 2024 and 2023 was \$1,786,944 and \$1,678,589, 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, 2025.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Caring Communities, a Reciprocal Risk Retention Group (Continued)**

CCrRRG provides insurance coverage to its members, which are nonprofit, predominantly faith based, senior housing, and healthcare providers. These members include continuing care retirement communities, affordable housing providers, and other organizations that offer a mix of product and services, including independent living, assisted living and skilled nursing. In February 2025, CCrRRG was affirmed as a rating of "A (Excellent)" for its financial strength with a stable outlook by A.M. Best Co., one of the leading rating agencies.

ACOMM executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2024, ACOMM's capital contributions were \$560,508 which represents 1.99% of CCrRRG's total Charter Capital. The percentage of the total Charter Capital may be affected by the future addition of members to CCrRRG.

**Health Insurance**

ACOMM and its affiliates have a self-funding arrangement for health insurance coverage. ACOMM and affiliates have stop-loss coverage for any claim exceeding \$200,000 per participant with unlimited reimbursement after a \$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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Lease Commitments**

Asbury Atlantic leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029. 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.

	2024	2023
Lease Costs:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 164,517	\$ 157,642
Interest on Lease Liabilities	3,354	6,231
Operating Lease Cost	653,981	1,381,607
Total Lease Cost	\$ 821,852	\$ 1,545,480
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 3,354	\$ 6,231
Operating Cash Flows from Operating Leases	653,981	1,381,607
Financing Cash Flows from Finance Leases	166,198	155,403
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	170,154	170,895
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	313,356	4,534
Weighted-Average Remaining Lease Term - Finance Leases	1.39 Years	1.43 Years
Weighted-Average Remaining Lease Term - Operating Leases	1.63 Years	2.44 Years
Weighted-Average Discount Rate - Finance Leases	2.00%	2.00%
Weighted-Average Discount Rate - Operating Leases	2.00%	2.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 420,967	\$ 77,634
2026	137,143	30,059
2027	37,409	-
2028	2,376	-
2029	1,967	-
Total	599,862	107,693
Less: Interest Expense	(9,221)	(1,400)
Amounts Recognized in the Balance Sheets	\$ 590,641	\$ 106,293

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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:

	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>
	2023		Total
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	
Salaries and Wages	\$ 60,198,697	\$ -	\$ 60,198,697
Employee Benefits	13,182,185	-	13,182,185
Contract Labor	9,783,047	-	9,783,047
Food Purchases	6,168,814	-	6,168,814
Medical Supplies and Other			
Resident Costs	5,085,493	-	5,085,493
General and Administrative	-	2,771,048	2,771,048
Building and Maintenance	18,162,559	-	18,162,559
Professional Fees and Insurance	1,907,838	-	1,907,838
Interest	10,541,646	-	10,541,646
Taxes	4,266,786	-	4,266,786
Provision for Credit Losses	796,041	-	796,041
Depreciation and Amortization	28,499,904	-	28,499,904
Service and Other Fees	-	19,003,218	19,003,218
Allocations to Asbury Foundation, Inc.	-	-	-
Total Functional Expenses	<u>\$ 158,593,010</u>	<u>\$ 21,774,266</u>	<u>\$ 180,367,276</u>

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

Investments measured at fair value using net asset value per share include alternative investments. Alternative investments are those not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not readily available. The Company Group follows guidance related to the fair value measurement standard that was issued for estimating the fair value of investments in investment companies that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with 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.

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**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, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash and Short-Term Investments	\$ 55,947,463	\$ -	\$ -	\$ 55,947,463
Fixed Income Securities and Mutual Funds	19,991,580	-	-	19,991,580
Equity Securities and Mutual Funds	44,395,149	-	-	44,395,149
Real Estate Mutual Funds	52,146	-	-	52,146
Derivative Instruments		2,698,986		2,698,986
Subtotal	<u>\$ 120,386,338</u>	<u>\$ 2,698,986</u>	<u>\$ -</u>	<u>123,085,324</u>
Investments measured at Fair Value Using Net Asset Value Per Share				<u>280,106</u>
<b>Total</b>				<u><b>\$ 123,365,430</b></u>

Recurring Fair Value Measures	At Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash and Short-Term Investments	\$ 66,972,132	\$ -	\$ -	\$ 66,972,132
Fixed Income Securities and Mutual Funds	17,428,863	-	-	17,428,863
Equity Securities and Mutual Funds	28,438,285	-	-	28,438,285
Real Estate Mutual Funds	82,841	-	-	82,841
Derivative Instruments	-	2,259,547	-	2,259,547
Subtotal	<u>\$ 112,922,121</u>	<u>\$ 2,259,547</u>	<u>\$ -</u>	<u>115,181,668</u>
Investments measured at Fair Value Using Net Asset Value Per Share				<u>8,457,205</u>
<b>Total</b>				<u><b>\$ 123,638,873</b></u>

The Company has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment. A listing of the investments held by the Company and their attributes that may qualify for these valuations consist of the following as of December 31, 2024:

Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency*	Redemption Notice Period
Pantheon USA Fund VI	\$ 30,863	\$ 190,415	N/A - illiquid	N/A - illiquid
Pantheon Global Fund III	37,822	158,333	N/A - illiquid	N/A - illiquid
Ironwood International Ltd.	125,317	-	Semi Annually (on anniversary date)	95 calendar days
Partners Group	<u>86,104</u>	-	Quarterly	20 business days
<b>Total</b>	<u><b>\$ 280,106</b></u>			

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

**ASBURY ATLANTIC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 18 SUBSEQUENT EVENTS**

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 covert the Chandler operations from a for profit to a nonprofit.

On December 1, 2024, and effective on January 1, 2025, The Asbury Group, Inc. (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 Estate, 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, Inc., 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 as of January 1, 2025.

For the year ended December 31, 2024, Asbury Chandler Estate had total assets and total liabilities of \$12,657,230 and \$11,016,977, respectively, and total revenues and expenses of \$3,407,128 and \$3,467,389, respectively.

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEET BY LOCATION**  
**DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 5,205,811	\$ 14,711	\$ 2,342,722	\$ 769,279	\$ -	\$ 8,332,523
Investments	35,329,613	-	7,849,123	306,171	-	43,484,907
Accounts Receivable	4,724,752	545,320	1,167,898	1,397,526	-	7,835,496
Allowance for Credit Losses	(1,110,871)	(45,890)	(100,715)	(400,712)	-	(1,658,188)
Other Receivables and Prepaid Expenses	7,414,063	1,776,610	1,185,880	485,503	-	10,862,056
Investments Held Under Bond Indenture	5,943,202	751,475	2,275,334	583,866	-	9,553,877
Total Current Assets	57,506,570	3,042,226	14,720,242	3,141,633	-	78,410,671
Due from ACOMM, Net	54,722,883	30,929,635	29,102,761	-	(6,538,104)	108,217,175
Property and Equipment, Net	130,940,645	38,617,350	80,179,515	23,235,502	-	272,973,012
Right-of-Use Assets - Operating Leases, Net	249,050	43,645	185,760	112,186	-	590,641
Right-of-Use Assets - Finance Leases, Net	113,960	17,788	-	5,430	-	137,178
Investments Restricted by Donors	-	-	16,664,382	-	-	16,664,382
Deposits and Other Assets	264,361	-	-	11,211	-	275,572
Investments Held Under Bond Indenture	7,683,883	1,301,853	6,242,647	1,621,312	-	16,849,695
Statutory Reserves	18,541,742	4,485,871	4,515,860	1,250,157	-	28,793,630
Investments Restricted by Board	1,420,314	-	3,899,639	-	-	5,319,953
Beneficial Interest in Net Assets of Foundation	20,968,169	4,498,141	8,774,900	925,351	-	35,166,561
Valuation of Derivative Instruments	154,754	-	1,902,191	642,041	-	2,698,986
Total Assets	\$ 292,566,331	\$ 82,936,509	\$ 166,187,897	\$ 30,944,823	\$ (6,538,104)	\$ 566,097,456

**ASBURY ATLANTIC, INC.**  
**BALANCE SHEET BY LOCATION (CONTINUED)**  
**DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
<b>LIABILITIES AND NET DEFICIT</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable and Accrued Expenses	\$ 805,886	\$ 39,980	\$ 230,923	\$ 253,733	\$ -	\$ 1,330,522
Accrued Interest Payable	2,539,425	402,504	1,527,522	418,297	-	4,887,748
Obligations Under Charitable Gift Annuities	-	-	61,303	-	-	61,303
Deposits from Prospective Residents	2,801,084	343,255	1,229,083	226,673	-	4,600,095
Entrance Fees - Refundable	3,626,096	1,109,637	333,688	515,015	-	5,584,436
Deferred Revenue	268,211	70,800	425,609	305,788	-	1,070,408
Current Portion of Lease Liabilities - Operating Leases	190,338	39,824	116,175	67,493	-	413,830
Current Portion of Lease Liabilities - Finance Leases	62,987	7,813	-	5,538	-	76,338
Current Portion of Long-Term Debt	7,106,779	706,478	2,803,313	814,787	-	11,431,357
Total Current Liabilities	17,400,806	2,720,291	6,727,616	2,607,324	-	29,456,037
Due to ACOMM, Net	-	-	-	6,538,104	(6,538,104)	-
Long-Term Lease Liabilities - Operating Leases, Net of Current	58,712	3,821	69,585	44,693	-	176,811
Long-Term Lease Liabilities - Finance Leases, Net of Current	26,803	3,152	-	-	-	29,955
Long-Term Debt, Less Current Portion	102,348,450	16,078,714	86,279,872	25,409,166	-	230,116,202
Contingent Refundable Entrance Fee Liability	88,783,814	23,456,797	10,006,849	13,301,688	-	135,549,148
Entrance Fees - Deferred Revenue	98,775,104	38,931,112	44,658,264	12,121,795	-	194,486,275
Obligations Under Charitable Gift Annuities	-	-	79,844	-	-	79,844
Other Liabilities	1,500,000	-	-	-	-	1,500,000
Total Liabilities	308,893,689	81,193,887	147,822,030	60,022,770	(6,538,104)	591,394,272
<b>NET ASSETS (DEFICIT)</b>						
Without Donor Restrictions	(37,295,527)	(2,755,519)	2,241,590	(30,003,299)	-	(67,812,755)
With Donor Restrictions	20,968,169	4,498,141	16,124,277	925,352	-	42,515,939
Total Net Deficit	(16,327,358)	1,742,622	18,365,867	(29,077,947)	-	(25,296,816)
Total Liabilities and Net Deficit	\$ 292,566,331	\$ 82,936,509	\$ 166,187,897	\$ 30,944,823	\$ (6,538,104)	\$ 566,097,456

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS BY LOCATION**  
**YEAR ENDED DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Resident Services Revenue	\$ 79,931,828	\$ 20,244,542	\$ 34,368,600	\$ 18,898,734	\$ -	\$ 153,443,704
Other Operating Revenue	1,697,400	200,422	436,071	102,152	-	2,436,045
Amortization of Entrance Fees	15,404,548	6,155,617	6,555,776	1,909,189	-	30,025,130
Interest and Dividend Income, Net	3,109,698	731,499	1,761,435	223,507	-	5,826,139
Net Realized Gain on Investments	6,082,889	569,098	2,773,165	208,803	-	9,633,955
Net Unrealized Gain (Loss) on Equity Security Investments	(1,989,521)	(165,021)	(957,857)	41,789	-	(3,070,610)
Allocations from Asbury Foundation, Inc.	4,462,433	1,104,167	1,862,592	522,874	-	7,952,066
Total Revenues, Gains, and Other Support	108,699,275	28,840,324	46,799,782	21,907,048	-	206,246,429
<b>EXPENSES</b>						
Salaries	33,296,815	7,285,998	12,236,975	9,046,925	-	61,866,713
Employee Benefits	7,023,912	1,340,356	3,491,536	1,735,028	-	13,590,832
Contract Labor	3,725,932	1,383,264	2,520,973	1,400,026	-	9,030,195
Food Purchases	3,687,204	1,024,718	1,142,251	765,833	-	6,620,006
Medical Supplies and Other Resident Costs	2,870,820	614,129	1,047,863	615,997	-	5,148,809
General and Administrative	1,274,493	485,857	622,802	444,073	-	2,827,225
Building and Maintenance	9,123,295	2,464,997	4,300,114	1,918,447	-	17,806,853
Professional Fees and Insurance	1,032,807	272,946	501,996	287,573	-	2,095,322
Interest	4,862,440	783,697	3,771,257	1,079,543	-	10,496,937
Taxes	2,284,665	739,598	1,104,947	213,457	-	4,342,667
Provision for Credit Losses	835,072	40,484	101,877	(59,366)	-	918,067
Depreciation and Amortization	17,238,386	3,689,774	5,619,369	2,249,614	-	28,797,143
Service and Other Fees	11,008,741	2,751,305	3,733,962	2,219,410	-	19,713,418
Total Expenses	98,264,582	22,877,123	40,195,922	21,916,560	-	183,254,187
<b>INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN (LOSS) ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS AND GAIN ON DISPOSAL OF ASSETS</b>	10,434,693	5,963,201	6,603,860	(9,512)	-	22,992,242

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS BY LOCATION (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Combining Entries	Asbury Atlantic, Inc.
Income (Loss) from Operations Prior to Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments and Gain on Disposal of Assets	\$ 10,434,693	\$ 5,963,201	\$ 6,603,860	\$ (9,512)	\$ -	\$ 22,992,242
Net Unrealized Gain (Loss) on Change in Market Value of Derivative Instruments	(32,582)	-	439,732	32,289	-	439,439
Gain on Disposal of Assets	528,564	-	-	-	-	528,564
<b>INCOME FROM OPERATIONS</b>	10,930,675	5,963,201	7,043,592	22,777	-	23,960,245
<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>						
Net Unrealized Gain on Fixed Income Securities and Other Investments	110,891	9,407	951,776	6,515	-	1,078,589
Net Assets Released from Restrictions Used for Purchase of Capital Items	387,363	10,264	1,441,108	24,451	-	1,863,186
Transfers to ACOMM	(375,000)	-	(183,000)	(50,500)	-	(608,500)
<b>NET DECREASE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS</b>	\$ 11,053,929	\$ 5,982,872	\$ 9,253,476	\$ 3,243	\$ -	\$ 26,293,520

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF CASH FLOWS BY LOCATION**  
**YEAR ENDED DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Atlantic, Inc.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Changes in Net Assets (Deficit)	\$ 11,148,708	\$ 6,742,772	\$ 8,274,503	\$ 233,295	\$ 26,399,278
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities:					
Provision for Credit Losses	835,072	40,484	101,877	(59,366)	918,067
Depreciation and Amortization of Deferred Marketing Costs	17,096,633	3,672,831	5,619,369	2,243,793	28,632,626
Amortization of Deferred Financing Costs	111,332	16,099	87,439	19,155	234,025
Amortization of Bond Premium/Discount	(514,893)	(50,660)	(169,694)	(45,303)	(780,550)
Amortization of ROU Asset	141,753	16,943	-	5,821	164,517
Amortization of Entrance Fees	(15,404,548)	(6,155,617)	(6,555,776)	(1,909,189)	(30,025,130)
Net Proceeds from Nonrefundable Entrance Fees	19,740,211	8,842,759	5,865,844	3,852,336	38,301,150
Net Unrealized (Gain) Loss on Investments	1,878,630	155,614	6,081	(48,304)	1,992,021
Net Realized Gain on Investments	(6,082,889)	(569,098)	(2,773,165)	(208,803)	(9,633,955)
Gain on Disposal of Assets	(528,564)	-	-	-	(528,564)
Net Unrealized (Gain) Loss on Change in Market Value of Derivative Instruments	32,582	-	(439,732)	(32,289)	(439,439)
Changes in Beneficial Interest in Net Assets of Foundation Transfers to ACOMM	(94,779)	(759,900)	954,899	(230,052)	(129,832)
Changes in Value of Obligations under Charitable Gift Annuities	375,000	-	183,000	50,500	608,500
Changes in Assets and Liabilities:	-	-	24,074	-	24,074
Accounts Receivable	(968,611)	(194,435)	(326,233)	(115,959)	(1,605,238)
Other Receivables and Prepaid Expenses	(259,165)	687,083	(62,795)	40,466	405,589
Deferred Entrance Fees	(2,521,085)	470,654	621,220	(116,580)	(1,545,791)
Other Assets	114,453	-	-	(1,702)	112,751
Deferred Revenue	(2,117,803)	8,855	59,420	178,159	(1,871,369)
Accounts Payable and Accrued Expenses	(177,737)	(6,751)	66,699	56,631	(61,158)
Accrued Interest Payable	(150,327)	(14,391)	(12,281)	(14,927)	(191,926)
Net Cash Provided by Operating Activities	22,653,973	12,903,242	11,524,749	3,897,682	50,979,646

**ASBURY ATLANTIC, INC.**  
**STATEMENT OF CASH FLOWS BY LOCATION (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury Atlantic, Inc.
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property and Equipment, Net	\$ (13,216,241)	\$ (3,575,936)	\$ (10,672,883)	\$ (7,235,338)	\$ (34,700,398)
Purchases of Investments	(71,521,877)	(5,685,841)	(23,917,986)	(2,008,639)	(103,134,343)
Sales of Investments	73,801,685	6,487,688	24,952,204	2,419,127	107,660,704
Net Cash Used by Investing Activities	<u>(10,936,433)</u>	<u>(2,774,089)</u>	<u>(9,638,665)</u>	<u>(6,824,850)</u>	<u>(30,174,037)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from Refundable Entrance Fees and Refundable Deposits	3,381,900	2,263,353	593,724	1,082,500	7,321,477
Refunds from Refundable Entrance Fees and Refundable Deposits	(9,492,344)	(3,270,811)	(2,380,587)	(1,995,334)	(17,139,076)
Proceeds from Issuance of Debt	-	-	5,746,991	2,282,612	8,029,603
Payments on Debt	(6,795,447)	(676,831)	(2,678,275)	(772,641)	(10,923,194)
Payments for Deferred Financing Costs	(2,100)	-	(70,427)	70,427	(2,100)
Payments on Obligations Under Deferred-Giving Arrangements	-	-	(74,494)	-	(74,494)
Payments on Finance Leases	(143,495)	(16,878)	-	(5,825)	(166,198)
Change in Due to ACOMM, Net	(1,972,552)	(8,107,456)	(1,733,095)	2,404,562	(9,408,541)
Transfers to ACOMM	(375,000)	-	(183,000)	(50,500)	(608,500)
Net Cash Provided (Used) by Financing Activities	<u>(15,399,038)</u>	<u>(9,808,623)</u>	<u>(779,163)</u>	<u>3,015,801</u>	<u>(22,971,023)</u>
<b>INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<u>(3,681,498)</u>	<u>320,530</u>	<u>1,106,921</u>	<u>88,633</u>	<u>(2,165,414)</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	41,056,136	6,233,380	14,269,642	4,135,981	65,695,139
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 37,374,638</u>	<u>\$ 6,553,910</u>	<u>\$ 15,376,563</u>	<u>\$ 4,224,614</u>	<u>\$ 63,529,725</u>



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

**EXHIBIT**

**E**

Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201

Department of the Treasury

Date: DEC 12 2006

ASBURY ATLANTIC INC  
201 RUSSELL AVE  
GAITHERSBURG MD 20877-2801

Person to Contact:  
Vaida Singleton  
ID# 31-03018  
Toll Free Telephone Number:  
877-829-5500  
Employer Identification Number:  
52-0607956

Dear Sir or Madam:

This is in response to the amendments to your organization's Articles of Incorporation filed with the state on September 27, 2006. We have updated our records to reflect the name change as indicated above.

Our records indicate that a determination letter was issued in September 1996, that recognized you as exempt from Federal income tax. Our records further indicate that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Cindy Westcott  
Manager, Exempt Organizations  
Determinations