ASBURY COMMUNITIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Audit Committee
Asbury Communities, Inc.
Frederick, Maryland

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Asbury Communities, Inc. (a Maryland nonprofit corporation) and its subsidiaries, which comprise consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Asbury Communities, Inc. and its subsidiaries 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 Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asbury Communities, Inc. and its subsidiaries' 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 consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations and changes in net deficit are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 20, 2023

ASBURY COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 18,943,185	$ 22,454,699
Investments	60,365,829	79,373,931
Accounts Receivable	10,169,352	10,865,348
Pledges Receivable, Net	807,667	650,359
Other Receivables and Prepaid Expenses	12,921,274	10,905,555
Investments Held under Bond Indenture	10,044,319	5,832,268
Total Current Assets	113,251,626	130,082,160
Property and Equipment, Net	389,185,023	398,222,838
Right-of-Use Assets - Operating Leases	9,656,952	11,267,136
Right-of-Use Assets - Finance Leases	431,758	-
Investments Restricted by Donors	55,769,609	63,970,549
Deposits and Other Assets	1,822,096	2,523,804
Other Intangible Assets, Net	7,267,500	7,267,500
Investments Held under Bond Indenture	43,651,193	20,897,214
Long-Term Investments	1,642,652	384,953
Statutory Reserves	28,892,297	27,215,841
Investments Restricted by Board	4,566,113	5,242,248
Pledges Receivable, Net	6,614,828	7,158,088
Funds Held in Trust	6,743,790	6,713,440
Valuation of Derivative Instruments	3,914,178	-
Total Assets	$ 673,409,615	$ 680,945,771

See accompanying Notes to Consolidated Financial Statements.

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

	2022	2021
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 23,772,475	$ 19,567,746
Accrued Compensation and Related Items	10,728,434	10,775,401
Accrued Interest Payable	6,429,122	4,776,649
Obligations under Deferred-Giving Arrangements	784,035	718,147
Deposits from Prospective Residents	4,868,329	4,885,083
Entrance Fees - Refundable	11,518,477	10,021,005
Deferred Revenue	1,166,809	3,704,094
Reserve for LIFE Program	2,722,667	2,958,960
Current Portion of Lease Liabilities - Operating Leases	2,084,373	2,081,863
Current Portion of Lease Liabilities - Finance Leases	159,835	-
Current Portion of Long-Term Debt	50,636,331	10,160,680
Total Current Liabilities	114,870,887	69,649,628
Long-Term Lease Liabilities - Operating Leases	8,276,470	9,733,900
Long-Term Lease Liabilities - Finance Leases	207,729	-
Long-Term Debt, Net	270,153,466	280,714,415
Contingent Refundable Entrance Fee Liability	179,980,455	194,833,348
Entrance Fees - Deferred Revenue	204,398,708	193,170,434
Obligations under Deferred-Giving Arrangements	3,325,721	3,248,351
Valuation of Derivative Instruments	-	1,083,556
Other Long-Term Liabilities	1,564,590	-
Total Liabilities	782,778,026	752,433,632
NET ASSETS (DEFICIT)		
Without Donor Restriction	(160,452,561)	(118,998,633)
With Donor Restrictions	51,084,150	47,510,772
Total Net Deficit	(109,368,411)	(71,487,861)
Total Liabilities and Net Deficit	$ 673,409,615	$ 680,945,771

See accompanying Notes to Consolidated Financial Statements.

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

	2022	2021
REVENUES, GAINS, AND OTHER SUPPORT		
Resident and Client Service Revenue	$ 219,626,000	$ 216,230,649
Other Operating Revenue	20,137,153	23,734,040
Amortization of Entrance Fees	31,226,329	29,960,535
Interest and Dividend Income, Net	4,117,710	3,645,517
Net Realized Gain (Loss) on Investments	(4,880,973)	16,619,144
Net Unrealized Gain (Loss) on Equity Securities	(25,803,233)	3,312,134
Contributions of Cash and Other Financial Assets	1,790,949	2,910,492
Contributions of Nonfinancial Assets	2,426,800	-
Net Assets Released from Restrictions Used for Operations	1,285,985	899,862
Total Revenues, Gains, and Other Support	249,926,720	297,312,373
EXPENSES		
Salaries	110,326,723	107,149,370
Employee Benefits	22,921,633	25,731,999
Cost of Goods Sold	450,842	338,344
Contract Labor	26,339,243	22,090,299
Food Purchases	9,093,745	8,308,667
Medical Supplies and Other Resident Costs	22,404,353	25,076,404
General and Administrative	12,999,741	9,778,455
Building and Maintenance	30,505,286	28,589,762
Professional Fees and Insurance	3,596,876	3,194,334
Interest	12,482,372	11,618,666
Taxes	6,888,814	6,154,559
Provisions for Bad Debts	128,796	1,675,513
Depreciation and Amortization	37,479,893	37,801,935
Total Expenses	295,618,317	287,508,307
INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS, LOSS ON RETIREMENT OF DEBT, AND GAIN ON DISPOSAL OF ASSETS	(45,691,597)	9,804,066
Net Unrealized Gain on Change in Market Value of Derivative Instruments	4,997,734	326,133
Loss on Retirement of Debt	-	(936,148)
Gain on Disposal of Assets	634,151	481,670
INCOME (LOSS) FROM OPERATIONS	(40,059,712)	9,675,721

See accompanying Notes to Consolidated Financial Statements.

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

	2022	2021
NET DEFICIT WITHOUT DONOR RESTRICTIONS		
Income (Loss) from Operations	$ (40,059,712)	$ 9,675,721
Loss on Discontinued Operations	(1,461,094)	(2,921)
Net Assets Released from Restrictions Used for Purchases of Capital Items	341,621	1,055,795
Change in Value of Deferred-Giving Arrangements	404,101	(15,939)
Net Unrealized Loss on Fixed Income Securities and Other Investments	(678,844)	(2,534,368)
Net (Increase) Decrease in Net Deficit Without Donor Restrictions	(41,453,928)	8,178,288
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions of Cash and Other Financial Assets	5,563,004	7,708,351
Net Assets Released from Restrictions for Operations	(1,285,985)	(899,862)
Net Assets Released from Restrictions Used for Purchases of Capital Items	(341,621)	(1,055,795)
Net Investment Income	(643,906)	669,403
Change in Value of Deferred-Giving Arrangements	281,886	581,999
Net Increase in Net Assets With Donor Restrictions	3,573,378	7,004,096
CHANGES IN NET DEFICIT	(37,880,550)	15,182,384
Net Deficit - Beginning of Year	(71,487,861)	(86,670,245)
NET DEFICIT - END OF YEAR	$ (109,368,411)	$ (71,487,861)

See accompanying Notes to Consolidated Financial Statements.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Deficit	$ (37,880,550)	$ 15,182,384
Adjustments to Reconcile Changes in Net Deficit to Net Cash Provided by Operating Activities:		
Provision for Bad Debts	128,796	1,675,513
Paycheck Protection Program Loan Forgiveness	-	(8,066,835)
Depreciation and Amortization	37,479,893	37,801,935
Straight-Line Rent Adjustment	155,264	-
Amortization of Deferred Financing Costs	384,650	341,121
Amortization of Bond Premium/Discount	(910,196)	(952,533)
Amortization of Entrance Fees	(31,226,329)	(29,960,535)
Amortization of ROU Asset - Finance Leases	98,228	-
Net Proceeds from Nonrefundable Entrance and Advance Fees	44,073,703	34,232,313
Net Unrealized (Gain) Loss on Investments	27,125,983	(1,447,169)
Net Unrealized Gain on Change in Market Value of Derivative Instruments	(4,997,734)	(326,133)
Changes in Value of Deferred-Giving Arrangements	(685,987)	(566,060)
Restricted Contributions Received	(5,563,004)	(7,708,351)
Gain on Disposal of Assets	(634,151)	(481,670)
Loss on Retirement of Debt	-	936,148
Changes in Assets and Liabilities:		
Accounts Receivable	567,200	(2,270,371)
Other Receivables and Prepaid Expenses	(2,440,487)	(423,819)
Deferred Entrance Fees	(108,708)	(1,225,875)
Deposits and Other Assets	701,708	293,967
Pledges Receivable, Net	385,952	(3,396,155)
Deferred Revenue	(1,966,452)	2,996,297
Accounts Payable and Accrued Expenses	3,921,469	(2,497,357)
Accrued Interest Payable	1,652,473	(899,493)
Other Long-Term Liabilities	1,564,590	-
Net Cash Provided by Operating Activities	31,826,311	33,237,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment, Net	(27,807,927)	(34,494,041)
Funds Held in Trust	(30,350)	(362,255)
Sales of Investments, Net	(498,505)	8,935,420
Net Cash Used by Investing Activities	(28,336,782)	(25,920,876)

See accompanying Notes to Consolidated Financial Statements.

ASBURY COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance and Advance Refundable Fees and Refundable Deposits	$ 11,740,803	$ 21,349,974
Refunds of Entrance and Advance Refundable Fees and Refundable Deposits	(26,769,435)	(25,550,178)
Restricted Contributions	7,107,842	8,710,320
Proceeds from Issuance of Debt	43,099,957	54,615,000
Premiums (Discounts) from Issuance of Debt	(2,029,901)	1,085,468
Payments on Long-Term Debt	(9,550,695)	(12,659,830)
Redemption of Long-Term Debt	-	(46,765,002)
Payments for Deferred Financing Costs	(1,079,113)	(915,553)
Payments on Finance Leases	(162,422)	-
Payments on Obligations under Charitable Gift Annuities	(715,593)	(812,528)
Net Cash Provided (Used) by Financing Activities	21,641,443	(942,329)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	25,130,972	6,374,117
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	76,400,022	70,025,905
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 101,530,994	$ 76,400,022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 11,355,445	$ 13,129,571
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
ROU Asset Received in Exchange for Finance Leases	$ 529,984	$ -
ROU Asset Received in Exchange for Operating Leases	$ 612,769	$ 3,267,894

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION

Asbury Communities, Inc. (ACOMM), was organized on August 1, 1994, as a Maryland nonprofit organization to provide executive and comprehensive administrative functions, as well as policy and overall planning guidance, to its supported organizations. ACOMM serves as the supporting organization of Asbury Atlantic, Inc. (Asbury Atlantic); Asbury Communities HCBS, Inc. (HCBS); Bethany Development Corporation (BDC); Asbury, Inc. (Asbury Place) and Affiliate (Forest Ridge Manor); and Albright Care Services (Albright) and Affiliate (Warrior Run). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

Asbury Atlantic, Inc. (Asbury Atlantic) – is a nonprofit, nonstock corporation organized under the laws of the state of Maryland. Asbury Atlantic has operating entities comprised of Asbury Methodist Village (AMV), Asbury Solomons (AS), Bethany Village (BV), and Springhill (SH).

- AMV is a continuing-care retirement community (CCRC) in Gaithersburg, Maryland. A CCRC consists of independent living, assisted living, and skilled-nursing units. A CCRC provides a continuum of care that includes housing, healthcare, and other related health-care and lifestyle services to seniors.
- AS is a CCRC located in Solomons, Maryland.
- BV is a CCRC located in Mechanicsburg, Pennsylvania.
- SH is a CCRC located in Erie, Pennsylvania.

HCBS – is a nonprofit, nonstock corporation organized under the laws of the state of Maryland. HCBS was organized in 2011 to provide in-home services. On March 20, 2015, HCBS purchased the assets of a Medicare certified home health provider and began providing home health services insured by Medicare, Medicaid, and commercial insurance.

Asbury Place – On August 1, 2016, Asbury, Inc. (Asbury Place) and Affiliate (Forest Ridge Manor), a tax-exempt, Tennessee nonstock corporation, became an affiliate of the Company, by ACOMM serving as the supporting organization for Asbury Place. Asbury Place has two CCRCs located in Maryville and Kingsport and a 38-unit affordable housing facility, Forest Ridge Manor (FRM) located in Kingsport. On August 11, 2022, Asbury Place filed a Material Event Notice (Notice of Non-Payment) concerning, among other things, its failure to pay certain monthly debt service on outstanding debt and its expectation to stop making required installment payments on the Series 2016 Bonds. In the Non-Payment Filing, Asbury Place indicated that it is negotiating a forbearance agreement with certain holders of the outstanding Series 2016A Bonds and the 2016B/C Lender. There is no assurance, however, that the parties will come to an agreement to forbear. Asbury Place has engaged legal counsel and a financial consulting firm to assist Asbury Place in evaluating its strategic options.

AFOUND – is a nonprofit, nonstock corporation organized under the laws of the state of Maryland. AFOUND is a supporting organization established to promote charitable giving from available resources to help fund the charitable programs of AMV, AS, BV, SH, Albright, and HCBS. ACOMM is the sole member of AFOUND.

NOTE 1 ORGANIZATION (CONTINUED)

TAG – was organized in 2006 as a for-profit Delaware corporation and provides management and technological support services to both affiliated and nonaffiliated continuing-care retirement communities. In addition, TAG provides comprehensive information technology services and support to all affiliated entities of ACOMM. TAG is a wholly owned subsidiary of ACOMM. On July 1, 2008, TAG formed The Asbury Group Integrated Technologies, LLC (TAG IT) as a Delaware limited liability company. Effective April 15, 2022, the name of TAG IT was changed from The Asbury Group Integrated Technologies, LLC to ThriveWell Tech, LLC. During 2021, ACOMM formed 1569 Teels Road, LLC, which is owned by TAG. During 2022, ACOMM formed 5285 Westview Drive One, LLC, which is owned by TAG.

BDC – BDC is a nonprofit 149-unit rental housing project for the elderly located in Mechanicsburg, Pennsylvania. BDC is operated under Section 207 pursuant to Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Albright – On January 1, 2020, Albright Care Services (Albright) and Affiliate (Warrior Run) became an affiliate of the Company, by ACOMM serving as the supporting organization for Albright Care Services. Albright serves as the supporting organization of Warrior Run Manor, Inc. (Warrior Run). Warrior Run is a controlled entity of Albright. Albright Care Services (Albright) is a nonprofit corporation that operates two continuing care retirement communities, Riverwoods (RW) located in Lewisburg, Pennsylvania and Normandie Ridge (NR) located in York, Pennsylvania, that provides housing, healthcare, and other related services to elderly residents through the operation of nursing facilities, personal care facilities, and residential living units. Albright also operates Albright Pharmacy Services located in Pennsylvania and Maryland and Albright Living Independence for Elderly (LIFE) Programs located in Lebanon, Lancaster, Lycoming, and Chester, Pennsylvania. Warrior Run is a nonprofit corporation that operates a 76-unit rental housing project for the elderly located in Watsontown, Pennsylvania. Warrior Run is operated under Section 207 pursuant to Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

Business Combination

On August 10, 2021, 1569 Teels Road, LLC entered into an asset purchase agreement to buy substantially all the assets of The Chandler Estate, Inc. (CE), an independent and personal care facility located in Pen Argyl, Pennsylvania. The liabilities assumed were limited to specific contracts or agreements entered into by the business. The total purchase price of the acquisition was $10,967,295 and the transaction was completed on October 1, 2021. As a result of the acquisition, 1569 Teels Road, LLC acquired the land, building, furniture, fixtures and equipment for $10,334,333. Additionally, 1569 Teels Road, LLC recognized $537,500 of goodwill for the price paid in excess of the fair value of the identified assets (See Note 2).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ACOMM and its affiliates, Asbury Atlantic, HCBS, Asbury Place, Forest Ridge Manor, AFOUND, TAG, BDC, and Albright (collectively referred to as the Company). All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

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

Cash, Cash Equivalents, and Restricted Cash

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

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

	2022	2021
Cash	$ 18,943,185	$ 22,454,699
Restricted Cash Included in Current Investments Held under Bond Indenture	10,044,319	5,832,268
Restricted Cash Included in Long-Term Investments Held under Bond Indenture	43,651,193	20,897,214
Restricted Cash Included in Statutory Reserves	28,892,297	27,215,841
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	$ 101,530,994	$ 76,400,022

Accounts Receivable and Contractual Allowances

The Company's policy is to write off all accounts that have been identified as uncollectible. An allowance for doubtful accounts is recorded for accounts not yet written off, which are estimated to become uncollectible in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Contractual Allowances (Continued)

Under the Medicare and Medicaid reimbursement and other third-party agreements, amounts collected for services to patients under these agreements are computed at contractually agreed-upon rates. Accounts receivable has 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 33% and 37% of the Company’s total resident and client service revenues for the years ended December 31, 2022 and 2021, respectively.

Pledges Receivable and Fund Held in Trust

Contributions to be received after one year are discounted at an appropriate discounted rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based on management’s judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

The Company has received as contributions various types of split-interest obligations, including perpetual trusts that are included in funds held in trust.

Amounts where the Company does not serve as trustee amounted to $2,871,521 and $1,939,854 as of December 31, 2022 and 2021, respectively. It is the policy of the Company to record such assets only when the Company’s interest is deemed to be irrevocable by management and where there is sufficient information to quantify a fair and accurate valuation. The Company’s beneficial interest is recorded at the discounted present value of the gift. When the proceeds from these assets are received, the amount received is used for purposes designated by the donor, if any.

Under the perpetual trust agreements, the Company has recorded the asset and recognized permanently restricted contribution revenue at the fair market value of their beneficial interest in the trust assets in the amount of $3,872,269 and $4,773,586 as of December 31, 2022 and 2021, respectively. Income earned on the trust assets and distributed to the Company is recorded as investment income on the consolidated statements of operations and changes in net deficit, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as valuation gain (loss) in beneficial interest in perpetual trusts in the net asset class with restrictions.

Obligations Under Deferred-Giving Arrangements

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income

Substantially all investments are held in an investment account with the Company, except investments held by Asbury Place, AFOUND, FRM, BDC, Warrior Run, and Albright. 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 their related unrealized gains or losses are recorded above income (loss) from operations. The fixed income securities and other types of investments and their related unrealized gains or losses are recorded below income (loss) from operations. The investments are managed by an investment advisor. In addition, investments held under bond indenture with trustees 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 and related activity are allocated to each affiliate 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 consolidated balance sheets. Donated investments are reported at their fair values at date of receipt.

Investment income or loss from equity securities, mutual funds, bonds, and alternative investments includes interest and dividends, net of investment management fees; realized gains and losses on investments, unrealized gains and losses on equity security investments; and any provision for other-than-temporary impairment of 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income (Continued)

The Company periodically evaluates whether any declines in the fair values of investments are other-than-temporary. This evaluation consists of a review of several factors, including but not limited to length of time and extent that a security has been in an unrealized loss position, the existence of an event that would impair the issuer's future earnings potential, the near-term prospects for recovery of the market value of a security and the intent and ability of the Company to hold the security until the market value recovers. Declines in fair value below cost that are deemed to be other-than-temporary are recorded as realized losses in the accompanying consolidated 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 the proper level of diversification to achieve the portfolio's investment objectives. The Company believes that this investment strategy meets the Company's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle. In order to ensure that the Company continues to meet its objectives, the Company has established rebalancing guidelines and established mechanisms for ongoing monitoring of performance and risk.

Derivatives Policy

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.

Investments Restricted by the Board

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

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

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at fair market value at the date of the gift. Improvements that materially extend the useful lives of the assets are capitalized. General repairs and maintenance costs are expensed as incurred.

The Company capitalizes all expenditures for property and equipment costing $1,000 or more and having useful lives greater than two years.

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

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

Advertising Expenses

The cost of advertising is expensed when incurred and included within the general and administrative financial statement line item within the consolidated statements of operations and changes in net deficit. Advertising expense was $1,071,851 and $1,353,920 for the years ended December 31, 2022 and 2021, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Intangible Assets

The Company recorded $5,480,000 of intangible assets from the affiliation of Asbury Place in August 2016 for the skilled nursing beds Certificate of Need. The Company recorded $1,250,000 of intangible assets from the HCBS purchase of the Certificate of Need for a Medicare-certified home health provider in 2015. The Company recorded $537,500 of goodwill from the purchase of Chandler Estates in October 2021.

Intangible assets are recorded at their estimated fair market value and not subject to amortization. Management periodically assesses the fair value of its intangible assets and has not recorded any impairment since their origination.

Donated Collections

Albright's collections include art and other items of historical significance and are maintained in the Slifer House Museum located on the RW campus. The collections, which were acquired through contributions, were recognized at fair value based upon an appraisal. Gains or losses from deaccessions of these items are reported on the accompanying consolidated statements of changes in net assets in the net assets with donor restrictions. Donated collections of $528,035 are included in property and equipment, net in the consolidated balance sheets for both the years ended December 31, 2022 and 2021.

Deposits from Prospective Residents

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

Continuing-Care Contracts

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

Obligation to Provide Future Services

The Company calculates the present value of the cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from resident entry fees to determine if a liability and corresponding charge to income should be recorded. As of December 31, 2022 and 2021, the present value of the net cost of future services and use of facilities does not exceed the deferred revenue from resident entry fees and, as such, no liability for the obligation to provide future services was required to be recorded.

Accrued Compensation and Related Items

The accrued compensation and related items include accruals as a result of having consolidated payroll and benefit functions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident and Client Services Revenue

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

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

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

The Company determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Company determines its estimate of implicit price concessions based on its historical collection experience.

The Company offers five types of resident entrance-fee options: a standard declining refund option, a 50% refundable option, an 80% refundable option, a 90% refundable option (SH only), and a nonrefundable option. A 90% refundable option was previously offered by BV, AMV, AS, Asbury Place, and Albright. A 100% refundable option was previously offered by BV, SH, AMV, AS, and Albright. BV previously offered an additional standard nine-year declining refund and 25% refundable option. Albright previously offered seven and ten-year declining refund options. The options currently offered to incoming residents vary among AMV, AS, BV, SH, Asbury Place, and Albright. For the partially refundable options, the refund is fully amortized and there is no refundable portion.

Under the standard declining refund option offered at communities except Asbury Place, the entrance fee is amortized over a period of five years resulting in an entrance fee refund balance that declines 1.667% per month over the five-year period. After that period, the refund is fully amortized and there is no refundable portion.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident and Client Services Revenue (Continued)

Under the standard declining refund option offered at Asbury Place, the entrance fee is amortized over a period of 50 months resulting in an entrance fee refund balance that declines 2% per month over the 50-month period. After that period, the refund is fully amortized and there is no refundable portion.

At SH, for contracts dated prior to June 30, 2004, the refund occurs upon the receipt of a successor entrance fee or one year from termination date. At Albright, for contracts dated prior to September 30, 2020, the refund occurs after the resident has vacated the independent living unit or one year from the termination date.

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 (time-based measurement).

Refundable entrance fees are recorded in the accompanying consolidated 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 amount but are refundable upon the receipt of a successor entrance fee, except at SH and Albright as noted above. Standard entrance fees are refundable upon termination of occupancy and the amount of refund is based upon the length of stay in the community.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident and Client Services Revenue (Continued)

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

	2022	2021
Entrance Fees - Refundable	$ 11,518,477	$ 10,021,005
Contingent Refundable Entrance Fee Liability	179,980,455	194,833,348
Entrance Fees - Deferred Revenue:		
25% to 100% Refundable Contracts	10,912,939	10,992,509
Standard Entry Fee Option Contracts:		
50-Month Contracts	2,831,865	1,718,174
Five Year Contracts	186,114,860	174,936,603
Seven Year Contracts	2,281,119	2,953,890
Nine Year Contracts	1,095,739	1,475,812
Ten Year Contracts	1,310	6,507
Nonrefundable Contracts	1,160,876	1,086,939
Total Entrance Fees - Deferred Revenue	204,398,708	193,170,434
Total Entrance Fees	$ 395,897,640	$ 398,024,787

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

Revenue from management and professional services operated with TAG's employees is recognized when services are rendered under management contracts or at the time specific milestones have been reached under development contracts based on the terms of the agreements. The management and professional services revenue is included in other operating revenue.

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

	2022	2021
Medicaid	$ 36,104,047	$ 38,260,514
Medicare	34,483,280	38,368,550
Managed Care	1,760,193	3,397,996
Private Pay	147,278,480	136,203,589
Total Resident Services Revenue	$ 219,626,000	$ 216,230,649

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident and Client Services Revenue (Continued)

The composition of resident and client service revenue based on its service lines, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2022 and 2021 are as follows:

2022	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Asbury Communities HCBS, Inc.	Chandler Estates	Total
Service Lines:									
Skilled Nursing Facility	$ 28,388,723	$ 6,616,246	$ 10,911,341	$ 8,914,617	$ 12,557,633	$ 19,215,391	$ -	$ -	$ 86,603,951
Assisted Living	12,503,493	2,159,457	9,241,089	2,321,109	6,942,433	3,691,439	-	1,822,025	38,681,045
Independent Living	29,910,698	10,011,937	10,266,570	5,591,725	5,594,616	4,913,058	-	1,254,069	67,542,673
Life Program	-	-	-	-	-	18,496,504	-	-	18,496,504
Pharmacy	-	-	-	-	-	4,489,426	-	-	4,489,426
Home Health	-	-	-	-	509,571	-	2,391,073	-	2,900,644
Retail Sales and Other	152,861	57,646	242,962	213,467	41,430	203,391	-	-	911,757
Total	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 25,645,683	$ 51,009,209	$ 2,391,073	$ 3,076,094	$ 219,626,000
Method of Reimbursement:									
Fee for Services	$ 70,802,914	$ 18,787,640	$ 30,419,000	$ 16,827,451	$ 25,604,253	$ 50,805,818	$ 2,391,073	$ 3,076,094	$ 218,714,243
Retail Sales and Other	152,861	57,646	242,962	213,467	41,430	203,391	-	-	911,757
Total	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 25,645,683	$ 51,009,209	$ 2,391,073	$ 3,076,094	$ 219,626,000
Timing of Revenue and Recognition:									
Health Care Services Transferred Over Time	$ 70,802,914	$ 18,787,640	$ 30,419,000	$ 16,827,451	$ 25,604,253	$ 50,805,818	$ 2,391,073	$ 3,076,094	$ 218,714,243
Sales at Point in Time	152,861	57,646	242,962	213,467	41,430	203,391	-	-	911,757
Total	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 25,645,683	$ 51,009,209	$ 2,391,073	$ 3,076,094	$ 219,626,000

2021	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Asbury Communities HCBS, Inc.	Chandler Estates	Total
Service Lines:									
Skilled Nursing Facility	$ 29,008,608	$ 7,158,586	$ 10,742,540	$ 8,874,204	$ 18,581,620	$ 19,190,821	$ -	$ -	$ 93,556,379
Assisted Living	10,383,562	2,523,500	8,468,929	1,868,707	6,615,650	3,872,093	-	450,915	34,183,356
Independent Living	29,453,061	8,776,392	9,526,752	5,269,048	5,123,149	4,582,269	-	298,925	63,029,596
Life Program	-	-	-	-	-	19,623,643	-	-	19,623,643
Pharmacy	-	-	-	-	-	2,044,885	-	-	2,044,885
Home Health	-	-	-	-	525,884	54,398	2,452,123	-	3,032,405
Retail Sales and Other	100,337	35,753	219,984	185,053	36,478	182,780	-	-	760,385
Total	$ 68,945,568	$ 18,494,231	$ 28,958,205	$ 16,197,012	$ 30,882,781	$ 49,550,889	$ 2,452,123	$ 749,840	$ 216,230,649
Method of Reimbursement:									
Fee for Services	$ 68,845,231	$ 18,458,478	$ 28,738,221	$ 16,011,959	$ 30,846,303	$ 49,368,109	$ 2,452,123	$ 749,840	$ 215,470,264
Retail Sales and Other	100,337	35,753	219,984	185,053	36,478	182,780	-	-	760,385
Total	$ 68,945,568	$ 18,494,231	$ 28,958,205	$ 16,197,012	$ 30,882,781	$ 49,550,889	$ 2,452,123	$ 749,840	$ 216,230,649
Timing of Revenue and Recognition:									
Health Care Services Transferred Over Time	$ 68,845,231	$ 18,458,478	$ 28,738,221	$ 16,011,959	$ 30,846,303	$ 49,368,109	$ 2,452,123	$ 749,840	$ 215,470,264
Sales at Point in Time	100,337	35,753	219,984	185,053	36,478	182,780	-	-	760,385
Total	$ 68,945,568	$ 18,494,231	$ 28,958,205	$ 16,197,012	$ 30,882,781	$ 49,550,889	$ 2,452,123	$ 749,840	$ 216,230,649

Contract Costs

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

It is the Company's policy to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and defines these expenses as charity care. Because the Company does not pursue collection of amounts determined to qualify as charity care, they are not reflected as revenue in the accompanying consolidated financial statements. Charity care provided to residents for the years ended December 31, 2022 and 2021 was $3,911,133 and $3,095,185, respectively.

Occupancy Percentages

During the years ended December 31, 2022 and 2021, the occupancy percentages and the percentages of Skilled Nursing Center (SNF) residents covered under the Medicaid program, Medicare program, and private pay and other were as follows:

	2022						
	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Normandie Ridge	Riverwoods
Total Skilled Nursing Center Occupancy*	95%	87%	93%	87%	64%	89%	65%
Medicaid	54%	34%	29%	39%	57%	44%	63%
Medicare	22%	12%	11%	7%	14%	25%	16%
Private Pay and Other	24%	54%	60%	54%	29%	31%	21%

	2021						
	Asbury Methodist Village	Asbury Solomons	Bethany Village	Springhill	Asbury, Inc.	Normandie Ridge	Riverwoods
Total Skilled Nursing Center Occupancy*	72%	92%	95%	87%	71%	87%	69%
Medicaid	51%	27%	28%	32%	49%	46%	59%
Medicare	24%	13%	9%	7%	23%	28%	17%
Private Pay and Other	25%	60%	63%	61%	28%	26%	24%

* 2022 total skilled nursing center occupancy for AMV was based on 185 available units, while the 2021 total was based on 257 available units.

Provider Relief Funds

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 has impacted various parts of its operations for the years ended December 31, 2022 and 2021 and financial results including but not limited to, personal protective equipment costs, additional costs for emergency preparedness, disease control and containment, additional testing, shortages of health care and other personnel, and loss of revenue due to reductions in certain revenue streams. Management believes the Company continues to take appropriate actions to mitigate the negative impact of this pandemic.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provider Relief Funds (Continued)

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by the Company was $8,324,754 and $10,085,122 for the years ended December 31, 2022 and 2021, respectively. The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2022 and 2021, the Company recognized $10,982,200 and $7,427,676, respectively, as other operating revenue in the consolidated statements of operations and changes in net deficit. At December 31, 2022 and 2021, the Company recognized $-0- and $2,657,466, respectively, as deferred revenue in the consolidated balance sheets. The Company believes the amounts have been recognized appropriately as of December 31, 2022 and 2021.

Contributions

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

Net Assets and Endowment Funds

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets and Endowment Funds (Continued)

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

Net assets with donor restrictions that are temporary in nature consist of assets held on behalf of Asbury Atlantic, Inc. by AFOUND, BV, and Albright. Albright also holds assets with donor restrictions that are temporary in nature. The net assets are primarily available to purchase equipment, provide charity care and for other health and educational services.

Net assets with donor restrictions that are perpetual in nature are amounts held by AFOUND and BV for the benefit of the Company. Albright holds assets with donor restrictions that are perpetual in nature. The net assets held by AFOUND are held in an investment portfolio with the objectives of providing long-term growth of capital and maximizing the return on assets over the long-term while diversifying investments within asset classes to reduce the impact of losses in single investments. The income from these net assets is unrestricted and has been expended to support benevolent care provided by Asbury Atlantic and Albright.

Income (Loss) from Operations

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

Tax Status

ACOMM and affiliates, except TAG, are 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. TAG and related entities are organized as for-profit entities and are subject to federal and state income taxes. 2022 income taxes for TAG and related entities are recorded as deferred tax liabilities and included in other long-term liabilities in the accompanying consolidated balance sheets to reflect temporary book and tax differences. 2021 Income taxes for TAG and related entities are recorded as deferred tax assets and included in other receivables and prepaid expenses in the accompanying consolidated balance sheets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status (Continued)

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

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

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

Fair Value Measurements

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements — Accounting Standards Update (ASU) 2020-07

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Company adopted the standard on January 1, 2022. The Company has updated disclosures as necessary (see Note 17 Contributed Nonfinancial Assets).

Reclassifications

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

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 20, 2023, the date the consolidated financial statements were issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2022 and 2021, the Company has a working capital (deficit) of $(1,619,261) and $60,432,532, respectively.

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

	2022	2021
Cash and Cash Equivalents	$ 18,943,185	$ 22,454,699
Investments	60,365,829	79,373,931
Accounts Receivable, Net	10,169,352	10,865,348
Pledges Receivable, Net	807,667	650,359
Other Receivables	12,921,274	10,905,555
Investments Held Under Bond Indenture	10,044,319	5,832,268
Total Financial Assets	$ 113,251,626	$ 130,082,160

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

Skilled Nursing Facility Services

Medicare Reimbursement

The Balanced Budget Act of 1997 modified how payment is made for Medicare SNF services. SNF’s are reimbursed on the basis of a prospective payment system (PPS). The PPS payment rates are adjusted for case mix and geographic variation in wages and cover all costs of furnishing covered SNF services (routine, ancillary, and capital-related costs). Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. The Centers for Medicare and Medicaid Services (CMS) recently finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. 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.

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Skilled Nursing Facility Services (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 comprises three net operating components (resident care, other resident-related, and administrative) and one capital component.

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

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

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

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Medicare and Medicaid (Continued)

Skilled Nursing Facility Services (Continued)

Tennessee Medicaid Reimbursement

Under the Tennessee Medicaid reimbursement system, the determination of reimbursement rates is based upon costs and other statistical data reported on the annual Medicaid cost report and are subject to a statewide cap. An incentive add-on may be added to the per diem rate based upon the efficiency of the organization. Effective for the July 1, 2018 rate period, Medicaid rates are calculated using a case mix methodology. Rates are effective July 1st of the year following the cost report calendar year. Cost reports are subject to desk review or audit prior to setting of the rates.

Medical Home Health Services

HCBS is entitled to Medicare and Medicaid payments for certain patient charges at rates determined by federal and state governments. Differences between established billing rates and payments from these programs are recorded as contractual adjustments to patient service revenue. Retroactive changes in reimbursement resulting from final determination by the state Medicaid authority or fiscal intermediaries are reflected as changes in estimates, generally in the year of determination. In the opinion of management, adequate provision has been made for adjustments, if any, that may result from such reviews.

Other

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated 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 2022 or 2021.

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 Company estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2022 and 2021. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

State of Maryland Reserve Requirement

The state of Maryland requires AMV and AS to set aside reserves equal to 15% of its net operating expenses (as defined) for the most recent fiscal year. As of December 31, 2022 and 2021, AMV and AS are in compliance with the reserve requirement. The total amount reserved for AMV is as follows as of December 31:

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

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

State of Maryland Reserve Requirement (Continued)

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

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

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

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 bad debt, computed only on the proportional share of financing or operating expenses that are applicable to residents of BV under continuing care agreements. The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 is $4,214,255 and $3,766,121, respectively, and is based on the projected annual debt service requirements for BV. The statutory minimum liquid reserve requirement as of December 31 for BV is as follows:

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

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Pennsylvania Department of Insurance Reserve Requirements (Continued)

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

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

NR must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 is $960,996 and $1,040,321, respectively, and is based on 10% of the projected annual operating expenses exclusive of depreciation and bad debt. The statutory minimum liquid reserve requirement as of December 31 for NR is as follows:

	2022	2021
Projected Annual Interest Expense	$ 292,210	$ 425,132
Principal Payments Due on Long-Term Debt	727,356	669,135
Liquid Reserve Requirement	1,019,566	1,094,267
Projected Annual Operating Expenses	15,232,150	14,436,878
Minimum Rate	10%	10%
Liquid Reserve Requirement	1,523,215	1,443,688
Maximum Liquid Reserve Requirement	1,523,215	1,443,688
Approximate Percentage of Continuing Care Clients	63%	72%
Statutory Minimum Liquid Reserve	$ 960,996	$ 1,040,321

NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)

Pennsylvania Department of Insurance Reserve Requirements (Continued)

RW must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 is $959,212 and $1,130,979, respectively, and is based on 10% of the projected annual operating expenses exclusive of depreciation and bad debt. The statutory minimum liquid reserve requirement as of December 31 for RW is as follows:

	2022	2021
Projected Annual Interest Expense	$ 304,672	$ 393,372
Principal Payments Due on Long-Term Debt	736,661	735,131
Liquid Reserve Requirement	1,041,333	1,128,503
Projected Annual Operating Expenses	20,637,098	21,468,848
Minimum Rate	10%	10%
Liquid Reserve Requirement	2,063,710	2,146,885
Maximum Liquid Reserve Requirement	2,063,710	2,146,885
Approximate Percentage of Continuing Care Clients	46%	53%
Statutory Minimum Liquid Reserve	$ 959,212	$ 1,130,979

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

	2022	2021
Private Pay	37 %	40 %
Medicaid	22	22
Medicare	24	29
Other (Primarily Managed Care and Insurance)	17	9
Total	100 %	100 %

NOTE 6 INVESTMENTS

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

	2022	2021
Investments:		
Cash and Short-Term Investments	$ 4,087,373	$ 2,098,716
Fixed-Income Securities and Mutual Funds	18,523,750	25,379,456
Equity Securities and Equity Mutual Funds	21,295,630	42,906,660
Alternative Investments	16,459,076	8,989,099
Total Investments	$ 60,365,829	$ 79,373,931
Investments Restricted by Donors:		
Cash and Short-Term Investments	$ 249,763	$ 1,326,332
Fixed-Income Securities and Mutual Funds	18,938,819	20,800,723
Equity Securities and Equity Mutual Funds	36,568,234	41,786,578
Real Estate Mutual Funds and Other	12,793	56,916
Total Investments Restricted by Donors	$ 55,769,609	$ 63,970,549
Statutory Reserves:		
Cash and Short-Term Investments	$ 28,892,297	$ 27,215,841
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	$ 53,695,512	$ 26,729,482
Investments Restricted by Board:		
Cash and Short-Term Investments	$ 51,493	$ 98,160
Fixed-Income Securities and Mutual Funds	1,393,528	1,699,632
Equity Securities and Equity Mutual Funds	2,515,264	3,046,630
Alternative Investments	605,828	397,826
Total Investments Restricted by Board	$ 4,566,113	$ 5,242,248

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

	2022	2021
Debt-Service Fund	$ 9,842,376	$ 5,919,712
Debt-Service Reserve Fund	18,068,735	18,075,837
Capital Improvement Fund	2,921,247	2,733,933
Project Fund	22,863,154	-
Total	53,695,512	26,729,482
Less: Current Portion	(10,044,319)	(5,832,268)
Long-Term Portion of Bond Indenture	$ 43,651,193	$ 20,897,214

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:

	2022	2021
Included within the Company's Performance Indicator:		
Interest and Dividend Income, Net	$ 4,117,710	$ 3,645,517
Net Realized Gain (Loss) on Investments	(4,880,973)	16,619,144
Net Unrealized Gain (Loss) on Equity Security Investments	(25,803,233)	3,312,134
Net Unrealized Gain on Change in Market Value of Derivative Instruments	4,997,734	326,133
Total	(21,568,762)	23,902,928
Included in Other Changes in Net Deficit:		
Net Unrealized Loss on Fixed Income Securities and Other Investments	(1,322,750)	(1,864,965)
Total	$ (22,891,512)	$ 22,037,963

The Company engages professionals to manage its investment portfolio within guidelines of the Company's board-approved investment policy. Management periodically reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the years ended December 31, 2022 and 2021, the Company did not identify any other than temporary declines in the fair value of investments.

NOTE 7 PROPERTY AND EQUIPMENT

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

	Useful Life	2022	2021
Land and Improvements	10 to 40 Years	$ 60,851,199	$ 59,807,541
Buildings and Improvements	10 to 40 Years	748,879,786	734,872,528
Furniture and Equipment	2 to 15 Years	97,009,103	90,442,338
Construction in Progress		1,118,785	1,863,490
Total		907,858,873	886,985,897
Less: Accumulated Depreciation		(518,673,850)	(488,763,059)
Property and Equipment, Net		$ 389,185,023	$ 398,222,838

Depreciation expense was $37,261,190 and $37,627,245 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 PLEDGES RECEIVABLE

Pledges receivable were recorded at their net present value using an estimated discounted rate and consisted of the following at December 31:

	2022	2021
Amounts Expected to be Collected in:		
Less than One Year	$ 807,667	$ 650,359
One Year to Five Years	6,614,828	7,158,088
Total	$ 7,422,495	$ 7,808,447

Pledges receivable were recorded net of reserve for uncollectible pledges of $133,449 and $137,368 as of December 31, 2022 and 2021, respectively.

AFOUND, BV, and Albright are the beneficiaries of various charitable gift annuities created by donors, the assets for which AFOUND, BV, and Albright are not the advisors. AFOUND, BV, and Albright have legally enforceable rights on claims to such assets after the donor's or current beneficiary's death. The present value of these funds held in trust by others, 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, BV, and Albright 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 donor restrictions in the consolidated statements of operations and changes in net deficit. The present value of the liability is determined by discounting estimated future payments at the adjusted federal rate. This rate is adjusted annually and was 3.99% and 1.26% at December 31, 2022 and 2021, respectively. Changes in the present value of the liability are shown as changes in values of charitable gift annuities in the consolidated statements of operations and changes in net deficit.

AFOUND is required by Maryland state law to maintain segregated assets for all annuities issued in an amount at least equal to the sum of its outstanding charitable gift annuities liability discounted to present value. At December 31, 2022 and 2021, AFOUND had segregated $16,808,330 and $17,198,524 as investments restricted by donors in the accompanying consolidated balance sheets as of December 31, 2022 and 2021, respectively, and, therefore, has met its minimum reserve requirement at December 31, 2022 and 2021. BV and Albright are not subject to any requirements under the Commonwealth of Pennsylvania.

NOTE 9 DEBT

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

	Interest Rate	Dates	2022	2021
Chandler Estate, Inc. Loan	Variable Rates	2022 - 2041	$ 6,978,579	$ 7,000,000
Series 2022A PA Bonds	Variable Rate Revenue Bonds	2025 - 2037	2,914,924	-
Series 2022 MD Bonds	Fixed Rate Revenue Bonds	2037 - 2042	40,000,000	-
Series 2021A PA Bonds	Fixed Rate Revenue Bonds	2034 - 2041	27,235,000	27,235,000
Series 2021B PA Bonds	Variable Rate Revenue Bonds	2022 - 2034	19,255,000	20,220,000
Series 2019A MD Bonds	Variable Rate Revenue Bonds	2019 - 2023	110,000	2,056,000
Series 2019B MD Bonds	Variable Rate Revenue Bonds	2019 - 2027	3,887,000	4,875,000
Series 2019 PA Bonds	Fixed Rate Revenue Bonds	2021 - 2045	54,970,000	56,810,000
Series 2018A MD Bonds	Fixed Rate Revenue Bonds	2023 - 2036	82,540,000	82,540,000
Series 2018B MD Bonds	Fixed Rate Revenue Bonds	2022 - 2027	11,870,000	13,180,000
Series 2018 Master Note	Variable Rates	2018 - 2035	11,603,000	12,710,000
Series 2016A TN Bonds	Fixed Rate Revenue Bonds	2024 - 2047	23,170,000	23,170,000
Series 2016B TN Bonds	Variable Rate Revenue Bonds	2018 - 2046	13,644,359	13,924,512
Series 2016C TN Bonds	Variable Rate Revenue Bonds	2017 - 2023	1,505,110	2,071,711
Series 2014 Master Note	Variable Rates	2014 - 2040	8,161,015	8,458,286
Total			307,843,987	274,250,509
Unamortized Bond Premium/Discount, Net			10,726,841	13,666,934
Unamortized Bond Financing Costs, Net			(5,423,071)	(4,731,316)
Current Portion Bonds Payable			(50,243,187)	(9,907,295)
Total Debt Payable			262,904,570	273,278,832
Forest Ridge Manor HUD Advance			3,293,600	3,293,600
BDC HUD-Insured Mortgage Payable			854,977	1,013,385
Warrior Run HUD-Insured Mortgage Payable			3,174,329	3,247,882
Note Payable			185,033	-
Forest Ridge Manor Affordable Housing Program Grant			134,101	134,101
Total			7,642,040	7,688,968
Current Portion Loans Payable			(393,144)	(253,385)
Total Loans Payable			7,248,896	7,435,583
Total Long-Term Debt			$ 270,153,466	$ 280,714,415

NOTE 9 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 (PA Obligated Group), Series 2022A Revenue Bonds, (the Series 2022A PA Bonds) in the aggregate principal amount of $18,000,000. The Series 2022A PA Bonds bear interest at an annual rate equal to adjusted SOFR (secured overnight financing rate) plus a spread of 1.343%. The PA Obligated Group has hedged its interest rate exposure associated with the 2022A PA Bonds as described in Note 12 below. As of December 31, 2022, $2,914,924 has been drawn down on the Series 2022A Bonds.

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

Series 2022 Maryland (MD) Bonds

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

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

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.

NOTE 9 DEBT (CONTINUED)

Series 2021 Pennsylvania (PA) Bonds (Continued)

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 10 below.

Series 2019 Maryland (MD) Bonds

In November 2019, the Asbury Maryland Obligated Group (MD Obligated Group) entered into a loan agreement with the City of Gaithersburg (the City) pursuant to which the City sold the Series 2019A and Series 2019B Bonds. From the proceeds, the MD Obligated Group borrowed $16,009,000 of Economic Development Project and Refunding Revenue Bonds Series 2019 (the Series 2019 MD Bonds), which was compromised of $11,009,000 of Series 2019A Bonds and $5,000,000 of Series 2019B Bonds maturing on November 1, 2023 and November 1, 2027, respectively. The Series 2019 MD Bonds bear interest at an annual rate equal to 81% of the sum of one-month LIBOR plus 1.0%, multiplied by a margin rate.

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

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.

NOTE 9 DEBT (CONTINUED)

Series 2018 Maryland (MD) Bonds

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

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

Series A 2018 Master Note

During the year ended December 31, 2018, Albright obtained a Series A 2018 tax exempt loan in the amount of $14,404,000 to provide for the current refunding of the Series A 2013 and Series A 1997 debt. The note is payable over a term of 17 years with interest at a variable rate of 79% of 30-day LIBOR plus 1.39%.

Series B 2018 Master Note

During the year ended December 31, 2018, Albright obtained a Series B 2018 taxable term loan in the amount of $1,503,000. The note is payable over a term of 7 years with interest at a variable rate of 79% of 30-day LIBOR plus 1.65%.

Series C 2018 Hedge Contract

During the year ended December 31, 2018, Albright entered into an interest rate swap to hedge variable interest rates on a portion of the Series A 2018 Master Note ($2,873,000). The interest rate swap has a fixed rate of 4.235% with a termination date of October 4, 2025.

Series 2016 Asbury Place (TN) Bonds

In October 2016, Asbury Place issued its $23,170,000 Revenue Refunding and Improvement Bonds (Series 2016A TN Bonds) through The Health and Educational Facilities Board of Blount County, Tennessee (THEFB). The purpose of the financing is primarily to provide funds, together with other available funds, to refund the outstanding Series 2010 TN Bonds, to pay a portion of the costs of improving and renovating the facilities at the Maryville and Kingsport locations, to fund a debt service fund, and to pay certain expenses incurred in connection with the issuance of the Series 2016A TN Bonds. Interest on the Series 2016A TN Bonds ranges from 4% to 5% and is payable on each January 1 and July 1, beginning on January 1, 2017.

NOTE 9 DEBT (CONTINUED)

Series 2016 Asbury Place (TN) Bonds (Continued)

Simultaneously with the issuance of the Series 2016A TN Bonds, Asbury Place also issued its $18,000,000 Revenue Improvement Bonds (Series 2016B TN Bonds) through THEFB. The primary purpose of the Series 2016B TN Bonds financing is to provide additional funds to pay the costs of improving and renovating the facilities at the Maryville and Kingsport locations and to pay certain expenses incurred in connection with the issuance of the Series 2016B TN Bonds.

Simultaneously with the issuance of the Series 2016A TN Bonds and Series 2016B TN Bonds, Asbury Place also issued its $6,236,858 Revenue Refunding Bonds (Series 2016C) through THEFB. The primary purpose of the Series 2016C TN Bonds financing was to refund the outstanding Series 2007A TN Bonds and to pay certain expenses incurred in connection with the issuance of the Series 2016C TN Bonds when they became callable on April 3, 2017. In addition, the Asbury Place forward-rate purchase agreement became effective.

Both the Series 2016B TN and Series 2016C TN Bonds are privately held bonds and bear interest at a variable rate equal to a percentage of one-month LIBOR plus a fixed credit spread and were issued using a draw-down structure, as the actual par amount of each of these series could be lower depending on costs of issuance and the costs of improvements to the facilities.

Series A 2014 Master Note

During the year ended December 31, 2014, Albright obtained a Series A 2014 Master Note with the maximum borrowing amount of $10,000,000 to provide financing to support the approved capital projects of Albright. The note is payable over a term of 25 years with interest at a variable rate of 30 day LIBOR plus 2.70%, times 68%. Albright entered into an interest rate swap agreement which fixed the interest rate at 4.15%.

Series 2012 Pennsylvania (PA) Bonds

In October 2012, the PA Obligated Group entered into a loan agreement with the Cumberland County Municipal Authority (the Authority) pursuant to which the Authority sold the Series 2012 bonds. From the proceeds, the PA Obligated Group borrowed $51,640,000 of Refunding Revenue Bonds Series 2012, (the Series 2012 PA Bonds). The Series 2012 PA Bonds are comprised of serial bonds at fixed rates between 2.4% and 5.25% with yields between 2.4% and 5.1%.

The proceeds of the Series 2012 PA Bonds were used to refund the remaining Series 2006 PA Bonds outstanding, to fund a deposit to the Debt Service Reserve Fund on the PA Bonds, and to pay a portion of the costs of issuance of the Series 2012 PA Bonds.

As required by the bond agreements, the PA Obligated Group established various reserve funds from the proceeds of the bonds. The respective bond agreements require certain other funds to be established and maintained by the bond trustee. During the year ended December 31, 2021, the proceeds of the Series 2021 PA Bonds were utilized to refund all of the Series 2012 PA Bonds.

NOTE 9 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 expense on deferred financing costs is included in interest expense and totaled $384,650 and $341,121 for the years ended December 31, 2022 and 2021, respectively.

Bond Premium and Discount

Bond premiums and discounts are comprised of the difference between the price at which a bond was sold and its fair value. Bond premiums and discounts are amortized on a straight-line basis into interest expense over the life of the bonds. The amortization expense on bond premiums and discounts included a reduction in interest expense of $910,196 and $952,533 for the years ended December 31, 2022 and 2021, respectively.

Liens and Covenants

Collateral for the debt includes the trustee-held funds, as well as a security interest in the assets, accounts receivable, general intangibles, chattel paper, and certain other items of the respective obligated group.

Under the Maryland Master Loan Agreements, the lenders have a first lien and claim on all receipts of the Maryland Obligated Group, except the restricted donations and contributions. The terms of the indenture agreements restrict the Company's ability to create additional indebtedness, restrict its use of AMV and AS facilities, and require the Maryland Obligated Group to maintain stipulated insurance coverage. Additionally, the Maryland Obligated Group covenants require that it will fix, charge, and collect in each fiscal year amounts sufficient to meet a defined debt-service coverage ratio for the obligated group and will maintain a minimum days of cash-on-hand ratio. In addition, the Company has agreed to contribute cash to the Maryland Obligated Group under certain circumstances and has agreed to maintain a minimum days of cash-on-hand ratio.

Under the Pennsylvania Master Loan Agreements, the lenders have a first lien and claim on all receipts of the Pennsylvania Obligated Group, except the restricted donations and contributions. The terms of the indenture agreements restrict the Pennsylvania Obligated Group's ability to create additional indebtedness; restrict its use of SH and BV facilities; and require the Pennsylvania Obligated Group to maintain stipulated insurance coverage. Additionally, the Pennsylvania Obligated Group covenants require that it 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, the Company has agreed to contribute cash to the Pennsylvania Obligated Group under certain circumstances and has agreed to maintain a minimum days of cash-on-hand ratio.

NOTE 9 DEBT (CONTINUED)

Liens and Covenants (Continued)

Under the Asbury Place Master Indenture, the lenders have a security interest in gross receipts (not charitable pledges), accounts, equipment, general intangibles inventory, documents, instruments, and chattel paper of Asbury Place. The terms of the indenture restrict the Company's ability to create additional indebtedness and require stipulated insurance coverage.

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

Additionally the members of the respective obligated groups are subject to covenants relating to long-term debt service coverage ratio, days cash on hand, consolidation and merger, transfers of assets, and addition of or withdrawal of members from the respective obligated groups.

The Company is subject to various covenants under the bond agreements. These covenants include various reporting, financial, and operational requirements. As of December 31, 2022, Asbury Place did not meet the days cash on hand and debt service coverage ratio financial covenants under the Series 2016 Loan Agreements. Also, in August 2022, Asbury Place did not make their required monthly debt service payments due on the Series 2016B/C Bonds, and provided notice that Asbury Place does not currently expect to make any further required installments for the 2016A Bonds or any further 2016B/C required monthly debt service payments. Asbury Place is seeking a forbearance agreement with its outstanding debt holders. There is no assurance, however, that the parties will come to an agreement to forbear. As of December 31, 2022, these debts are classified as current in its balance sheet. As of December 31, 2022, management is not aware of any other noncompliance with covenants.

NOTE 9 DEBT (CONTINUED)

Paycheck Protection Program

During the year ended December 31, 2020, the Company received proceeds in the amount of $8,814,535 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). During the years ended December 31, 2021 and 2020, the Company received formal forgiveness from the Small Business Administration (SBA) in the amounts of $8,066,835 and $747,700, respectively. For the year ended December 31, 2021, $8,066,835 is recognized as other operating revenue on the consolidated statements of operations and changes in net deficit.

Forest Ridge Manor HUD Advance

Forest Ridge Manor (FRM) obtained a capital advance from HUD, in the amount of $3,293,600 through the HUD Section 202 Capital Advance Program. Advances under this program bear no interest and are not required to be repaid so long as FRM remains available to very low-income households and continues to meet the requirements of HUD Section 202 until July 1, 2047, at which point the advance is forgiven. If default of the terms of the advance occurs, then HUD, at its option, may accelerate the entire principal balance. Upon acceleration, interest at the rate of 4.75% will be assessed from the date of the advance. In addition, monthly deposits for replacement reserves are required. The advance is collateralized by the project costs and the related land of FRM.

BDC HUD-Insured Mortgage Payable

BDC has a mortgage note that is HUD-insured pursuant to Section 223(f) that is payable in monthly installments of $15,185, including interest at an annual rate of 2.53% through December 2027. In addition, monthly deposits for replacement reserves are required. The mortgage note is secured by the apartment project.

Warrior Run Manor HUD-Insured Mortgage Payable

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

Note Payable

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

NOTE 9 DEBT (CONTINUED)

Forest Ridge Manor Affordable Housing Grant

FRM obtained an Affordable Housing Program (AHP) grant in the amount of $134,101. The grant bears no interest and is not required to be repaid and will be forgiven after fifteen years or the maturity date of July 20, 2023, as long as FRM maintained compliance with its requirements. Under the terms of the grant, FRM must maintain a residence for person having an income level at or below 50% of the median income estimate.

Line of Credit

Albright has an unsecured $2,500,000 revolving demand line of credit with a financial institution that is renewable annually. The line of credit bears interest at the bank's prime rate plus 3.00% (6.25% as of December 31, 2022 and 2021). Borrowings on the line of credit totaled $-0- for both the years ended December 31, 2022 and 2021. The line of credit supports a letter of credit, in the amount of $500,000 and $400,041 as of December 31, 2022 and 2021, respectively, in connection with Albright's participation in the LIFE program.

Debt Maturities

A schedule of minimum maturities of debt for the next five years and thereafter, based on the current terms of the Company's loan agreements, is as follows:

Year Ending December 31,	Amount
2023*	$ 50,150,445
2024	12,504,581
2025	13,449,578
2026	14,470,515
2027	16,349,541
Thereafter	208,561,367
Total	$ 315,486,027

*Amount includes $38,310,469 of Asbury Place nonperforming 2016 Bonds classified as current.

NOTE 10 DERIVATIVE INSTRUMENTS

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

Asbury Atlantic, 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 will begin on July 1, 2024 and will terminate on July 1, 2036.

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 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 2.2226% (Series 2019A) and 2.3090% (Series 2019B) and receives payments based on a floating rate based upon 81% of one-month LIBOR. Payments on the Series 2019A agreement began on November 8, 2019 and will terminate on November 1, 2023. Payments on the Series 2019B agreement began on November 8, 2019 and will terminate on November 1, 2027.

Asbury Place entered into a forward contract concurrent with the issuance of the Series 2016 bonds. Under this agreement, Asbury Place pays a fixed rate of interest of 0.998% and received payments based on a floating rate based upon 67% of LIBOR. Payments on this forward contract agreement began on May 1, 2017 and will terminate on April 1, 2023.

NOTE 10 DERIVATIVES INSTRUMENTS (CONTINUED)

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

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

	Series 2016	Series 2019A	Series 2019B	Series 2014	Series 2018	Series 2021B	Series 2022	CE Loan Payable	Total
Notional Amount - December 31, 2022	$ 1,098,659	$ 110,000	$ 3,887,000	$ 8,161,015	$ 1,593,000	$ 19,255,000	$ 16,297,409	$ 7,000,000	
Trade Date	10/6/2016	11/8/2019	11/8/2019	12/18/2014	10/4/2018	6/4/2021	7/26/2022	11/15/2021	
Effective Date	4/3/2017	11/8/2019	11/8/2019	12/15/2015	10/4/2018	10/4/2021	7/1/2024	11/15/2021	
Termination or Cancellation Date	4/1/2023	11/1/2023	11/1/2027	12/15/2040	10/4/2025	6/1/2033	7/1/2036	11/15/2036	
Fixed Rate	0.998%	2.226%	2.309%	4.150%	4.235%	1.080%	3.456%	3.751%	
Fair Value at December 31, 2020	$ (40,953)	$ (68,791)	$ (292,230)	$ (837,173)	$ (170,542)	$ -	$ -	$ -	$ (1,409,689)
Unrealized Gain (Loss)	27,392	60,406	181,882	400,355	82,693	(182,508)	-	(244,087)	326,133
Fair Value at December 31, 2021	(13,561)	(8,385)	(110,348)	(436,818)	(87,849)	(182,508)	-	(244,087)	(1,083,556)
Unrealized Gain	18,686	9,699	356,786	784,977	114,166	2,089,180	373,202	1,251,038	4,997,734
Fair Value at December 31, 2022	$ 5,125	$ 1,314	$ 246,438	$ 348,159	$ 26,317	$ 1,906,672	$ 373,202	$ 1,006,951	$ 3,914,178

The Company has included the fair market value of these derivative instruments as an asset (liability) of $3,914,178 and ($1,083,556) as of December 31, 2022 and 2021, respectively, in the accompanying consolidated balance sheets.

Net unrealized gains on derivative instruments was $4,997,734 and $326,133 in 2022 and 2021, respectively.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were $51,084,145 and $47,510,772 as of December 31, 2022 and 2021, respectively. Included in net assets with donor restrictions are investments to be held in perpetuity totaling $43,168,849 and $40,835,176 as of December 31, 2022 and 2021, respectively. Investment income earned from the net assets with donor restrictions is available for operations of the supported organizations including funding of benevolent and charity care unless otherwise specified by donor.

A summary of the net assets with donor restrictions that are to be held in perpetuity is as follows at December 31:

	2022	2021
Endowment Fund - Beginning of Year	$ 40,835,176	$ 36,433,304
Contributions	2,583,967	3,810,328
Net Investment Income (Loss)	(504,349)	6,123
Changes in Value of Obligations Under Charitable Gift Annuities	254,055	585,421
Endowment Fund - End of Year	$ 43,168,849	$ 40,835,176

NOTE 12 RETIREMENT PLAN

The Company, except FRM and BDC, has a defined-contribution plan (the Plan) under IRC Section 401(k). All full-time employees of the Company are eligible to participate in the Plan. Employees may elect to defer up to $20,500 of their base salary, subject to certain limitations. The employer match is 100% of the employee contributions up to 4% and 50% on the next 2% of contributions for each eligible employee. Previously, Albright and Warrior Run sponsored a defined contribution retirement plan. Basic and matching contributions were at the discretion of the employer.

The employer's contribution expense for the years ended December 31, 2022 and 2021 was $3,570,559 and $3,429,080, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCIES

General and Professional Liability Insurance

The Company has a general and professional liability insurance policy (GL/PL) for all entities except for Albright and Warrior Run, which is claims-made based, through Caring Communities, a reciprocal Risk Retention Group. The GL/PL coverage has a limit of $1,000,000 per occurrence and a $3,000,000 annual aggregate. The Company also has excess coverage in effect with a limit of $10,000,000 per claim and a $30,000,000 annual aggregate. This policy has been renewed through December 31, 2023. Previously, Albright and Warrior Run were covered under a separate policy which provided professional liability insurance coverage of $1,000,000 per occurrence with an aggregate limit of $6,000,000. In addition, Albright and Warrior Run previously had an umbrella excess liability policy which provides for coverage of $5,000,000 per occurrence and in the aggregate.

Caring Communities, a Reciprocal Risk Retention Group

The Company, except for Albright and Warrior Run, participates in an insurance risk retention group, Caring Communities, a reciprocal Risk Retention Group (CCrRRG) licensed by the District of Columbia for purposes of obtaining the following insurance coverage: (1) primary general and professional liability; (2) excess general and professional liability; and (3) excess auto liability. CCrRRG provides insurance coverage to its members, which are nonprofit, predominantly faith-based, senior housing, and healthcare providers. These members include continuing care retirement communities, affordable housing providers, and other organizations that offer a mix of product and services, including independent living, assisted living and skilled nursing. In January 2023, CCrRRG was affirmed as a rating of "A (Excellent)" for its financial strength with a stable outlook by A.M. Best Co., one of the leading rating agencies.

The Company executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2022, the Company's capital contributions were $560,508 which represents 2.25% of CCrRRG's total Charter Capital. The percentage of the total Charter Capital may be affected by the future addition of members to CCrRRG.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Health Insurance

The Company has a self-funding arrangement for health insurance coverage. The Company has stop-loss coverage for any claim exceeding $200,000 per participant with unlimited reimbursement after a $50,000 aggregate deductible (one time across all claimants).

Legal Actions and Claims

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

Lease Commitments

The Company leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2031. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

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

	2022	2021
Lease Costs		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	$ 98,228	$ -
Interest on Lease Liabilities	4,578	-
Operating Lease Cost	3,499,543	3,271,334
Total Lease Cost	$ 3,602,349	$ 3,271,334
Other information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	$ 4,578	$ -
Operating Cash Flows from Operating Leases	3,499,543	3,271,334
Financing Cash Flows from Finance Leases	162,422	-
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	529,984	-
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	612,769	3,267,894
Weighted-Average Remaining Lease Term - Finance Leases	2.73 years	-
Weighted-Average Remaining Lease Term - Operating Leases	5.67 years	6.39 years
Weighted-Average Discount Rate - Finance Leases	2.00%	-
Weighted-Average Discount Rate - Operating Leases	2.76%	2.64%

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments (Continued)

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

Year Ending December 31,	Operating Leases	Finance Leases
2023	$ 2,337,484	$ 165,204
2024	2,059,171	165,204
2025	1,898,479	29,124
2026	1,520,345	16,206
2027	1,384,461	-
Thereafter	2,022,167	-
Total	11,222,107	375,738
Less: Interest Expense	(861,264)	(8,174)
Amounts Recognized in the Consolidated Balance Sheets	$ 10,360,843	$ 367,564

NOTE 14 FUNCTIONAL EXPENSES

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

	2022		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	$ 110,326,723	$ -	$ 110,326,723
Employee Benefits	22,921,633	-	22,921,633
Cost of Goods Sold	450,842	-	450,842
Contract Labor	26,339,243	-	26,339,243
Food Purchases	9,093,745	-	9,093,745
Medical Supplies and Other Resident Costs	22,404,353	-	22,404,353
General and Administrative	-	12,999,741	12,999,741
Building and Maintenance	30,505,286	-	30,505,286
Professional Fees and Insurance	3,596,876	-	3,596,876
Interest	12,482,372	-	12,482,372
Taxes	6,888,814	-	6,888,814
Provision for Bad Debts	128,796	-	128,796
Depreciation and Amortization	37,479,893	-	37,479,893
Total Functional Expenses	$ 282,618,576	$ 12,999,741	$ 295,618,317

NOTE 14 FUNCTIONAL EXPENSES (CONTINUED)

	2021		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	$ 107,149,370	$ -	$ 107,149,370
Employee Benefits	25,731,999	-	25,731,999
Cost of Goods Sold	338,344	-	338,344
Contract Labor	22,090,299	-	22,090,299
Food Purchases	8,308,667	-	8,308,667
Medical Supplies and Other Resident Costs	25,076,404	-	25,076,404
General and Administrative	-	9,778,455	9,778,455
Building and Maintenance	28,589,762	-	28,589,762
Professional Fees and Insurance	3,194,334	-	3,194,334
Interest	11,618,666	-	11,618,666
Taxes	6,154,559	-	6,154,559
Provision for Bad Debts	1,675,513	-	1,675,513
Depreciation and Amortization	37,801,935	-	37,801,935
Total Functional Expenses	$ 277,729,852	$ 9,778,455	$ 287,508,307

Included in management and general expenses are other general and administration expenses.

NOTE 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

NOTE 15 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	At Fair Value as of December 31, 2022			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets				
Cash and Short-Term Investments	$ 86,976,438	$ -	$ -	$ 86,976,438
Fixed-Income Securities and Mutual Funds	38,856,097	-	-	38,856,097
Equity Securities and Mutual Funds	60,379,128	-	-	60,379,128
Real Estate Mutual Funds and Other	12,793	-	-	12,793
Derivative Instruments	-	3,914,178	-	3,914,178
Subtotal	186,224,456	3,914,178	-	190,138,634
Beneficial Interest in Perpetual Trusts	-	-	3,872,269	3,872,269
Investments measured at Fair Value Using Net Asset Value Per Share				17,064,904
Total Assets	$ 186,224,456	$ 3,914,178	$ 3,872,269	$ 211,075,807

	At Fair Value as of December 31, 2021			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets				
Cash and Short-Term Investments	$ 57,468,531	$ -	$ -	$ 57,468,531
Fixed-Income Securities and Mutual Funds	47,879,811	-	-	47,879,811
Equity Securities and Mutual Funds	87,739,868	-	-	87,739,868
Real Estate Mutual Funds	56,916	-	-	56,916
Subtotal	193,145,126	-	-	193,145,126
Beneficial Interest in Perpetual Trusts	-	-	4,773,586	4,773,586
Investments measured at Fair Value Using Net Asset Value Per Share				9,386,925
Total Assets	$ 193,145,126	$ -	$ 4,773,586	$ 207,305,637
Liabilities				
Derivative Instruments	$ -	$ 1,083,556	$ -	$ 1,083,556

NOTE 15 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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, 2022:

Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency*	Redemption Notice Period
Pantheon USA Fund VI	$ 37,112	$ 206,250	N/A - illiquid	N/A - illiquid
Pantheon Global Fund III	41,334	171,500	N/A - illiquid	N/A - illiquid
Ironwood International Ltd.	4,629,556	-	Semi Annually (on anniversary date)	95 calendar days
Ironwood Institutional Multi-Strategy Fund	959,234	-	Semi Annually (June 30 and Dec 31)	95 calendar days
Partners Group	1,842,775	-	Quarterly	20 business days
Blackstone Real Estate Income Trust, Inc.	1,985,970	-	Monthly	7 days prior to month-end
Nuveen Global Cities	1,898,258	-	Monthly	7 days prior to month-end
ACL Alternative Fund	3,439,098	-	Daily	N/A
Pomona Investment Fund	1,900,000	-	Quarterly	20 business days
Owl Rock Core Income Group	119,444	-	Quarterly	20 business days
FS Credit Real Estate Income Trust	122,500	-	Monthly	7 days prior to month-end
CPG Focused Access Fund	89,623	-	Quarterly	20 business days
Total	$ 17,064,904			

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

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

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

	2021		
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	$ 4,773,586	FMV of Trust Investments	Term of Distributions

There were no purchases, sales or transfers for the years ended December 31, 2022 and 2021 related to the beneficial interest in perpetual trusts.

NOTE 16 INCOME TAXES

The components of the taxable subsidiaries' (benefit) provision for income taxes consist of the following for the years ended December 31:

	2022	2021
Current:		
Federal	$ 32,671	$ -
State	79,882	(4,264)
Total Current	112,553	(4,264)
Deferred:		
Federal	321,790	100,373
State	245,064	(19,917)
Valuation Allowance	-	-
Total Deferred	566,854	80,456
Total	$ 679,407	$ 76,192

The components of deferred tax assets and liabilities are as follows at December 31:

	2022	2021
Net Operating Loss Carryforwards	$ 420,827	$ 1,046,775
Accrued Paid Time-Off Benefits	6,427	5,331
Accrued Expenses	11,323	1,450
Deferred Revenue	21,794	6,171
Prepaid Insurance	(18,212)	(26,659)
Intangibles	(12,904)	(2,582)
Investments	(290,969)	69,850
Depreciation	(213,779)	(236,950)
Amortization	-	7,357
Federal Benefit of State Deferred	8,838	(42,626)
Provision for Bad Debt	595	14,077
Customer Lists	996	-
Contracts	474	-
Total	(64,590)	842,194
Valuation Allowance	-	(339,930)
Deferred Tax Asset (Liability)	$ (64,590)	$ 502,264

NOTE 17 CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of operations and changes in net deficit included:

	Revenue Recognized in 2022	Revenue Recognized in 2021	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Real Property	$ 2,426,800	$ -	It is the Company's policy to sell all contributions of real property immediately upon receipt unless the contribution is intended for use in a specific program by the donor or board.	No associated donor restrictions.	In valuing the contributed real property, the Company obtained appraisal reports which estimated the fair value based on recent comparable sales prices.

ASBURY COMMUNITIES, INC.
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
CURRENT ASSETS																
Cash and Cash Equivalents	$ 7,307,508	$ 1,116,299	$ 10,999	$ 3,269,756	$ 693,259	$ 344,078	$ 4,731,467	$ 72,650	$ 31,333	$ 119,358	$ 145,959	$ 820,025	$ 21,208	$ 259,286	$ -	$ 18,943,185
Investments	8,991,671	33,062,644	-	2,737,272	348,614	3,377,487	11,813,689	-	-	-	-	-	-	34,452	-	60,365,829
Accounts Receivable	-	3,092,181	431,771	803,524	806,943	1,121,235	2,980,540	-	234,961	-	686,230	11,967	-	-	-	10,169,352
Pledges Receivable, Net	-	-	-	-	-	-	-	-	-	807,667	-	-	-	-	-	807,667
Other Receivables and Prepaid Expenses	1,075,111	4,094,094	1,959,417	1,349,791	367,860	1,674,565	2,235,873	35,011	9,437	76,143	119,721	49,059	15,557	9,708	(150,073)	12,921,274
Investments Held under Bond Indenture	-	5,837,742	781,039	2,266,352	581,561	577,625	-	-	-	-	-	-	-	-	-	10,044,319
Total Current Assets	17,374,290	47,202,960	3,183,226	10,426,695	2,798,237	7,094,990	21,761,569	107,661	275,731	1,003,168	951,910	881,051	36,765	303,446	(150,073)	113,251,626
Due from ACOMM, Net	-	48,685,419	17,895,422	14,771,533	-	-	-	-	-	-	-	-	-	-	(81,352,374)	-
Property and Equipment, Net	1,860,731	135,437,973	37,221,806	75,037,806	17,475,418	51,996,492	55,157,784	989,165	126,382	122,815	537,751	10,188,668	2,177,395	854,837		389,185,023
Right-Of-Use Assets - Operating Leases	2,702,648	848,635	134,241	441,023	286,968	399,160	4,747,812	-	-	-	17,051	8,212	71,202	-	-	9,656,952
Right-Of-Use Assets - Finance Leases	-	183,306	25,285	-	-	55,330	167,837	-	-	-	-	-	-	-	-	431,758
Investments Restricted by Donors	-	-	-	13,238,810	-	-	4,646,443	-	-	37,884,356	-	-	-	-	-	55,769,609
Deposits and Other Assets	822,417	482,525	-	-	11,005	37,763	369,223	24,232	500	-	2,735	-	17,779	53,917	-	1,822,096
Other Intangible Assets	-	-	-	-	-	5,480,000	-	-	1,250,000	-	-	537,500	-	-	-	7,267,500
Investments Held under Bond Indenture	-	26,294,189	5,168,218	6,177,490	1,604,487	1,485,562	-	649,644	-	-	-	-	109,094	2,162,509	-	43,651,193
Long-Term Investments	1,419,161	-	-	-	-	-	-	-	-	1,200,000	315,107	-	-	-	(1,291,616)	1,642,652
Statutory Reserves	-	17,575,546	4,055,785	4,214,255	1,126,503	-	1,920,208	-	-	-	-	-	-	-	-	28,892,297
Investments Restricted by Board	-	1,420,314	-	3,145,799	-	-	-	-	-	-	-	-	-	-	-	4,566,113
Pledges Receivable, Net	-	-	-	-	-	-	-	-	-	6,614,828	-	-	-	-	-	6,614,828
Funds Held in Trust	-	-	-	-	-	-	3,872,269	-	-	2,871,521	-	-	-	-	-	6,743,790
Beneficial Interest in Net Assets of Foundation and Other Perpetual Trust	-	20,084,118	3,892,972	8,558,506	465,752	106,381	1,637,989	-	170,534	-	-	-	-	-	(34,916,252)	-
Valuation of Derivative Instruments	-	246,975	777	1,648,989	630,885	5,125	374,476	-	-	-	-	1,006,951	-	-	-	3,914,178
Total Assets	$ 24,179,247	$ 298,461,960	$ 71,577,732	$ 137,660,906	$ 24,399,255	$ 66,660,803	$ 94,655,610	$ 1,770,702	$ 1,823,147	$ 49,696,688	$ 1,824,554	$ 12,622,382	$ 2,412,235	$ 3,374,709	$ (117,710,315)	$ 673,409,615

ASBURY COMMUNITIES, INC.
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS (DEFICIT)	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
CURRENT LIABILITIES																
Accounts Payable and Accrued Expenses	$ 16,902,309	$ 2,766,573	$ 101,047	$ 519,770	$ 216,410	$ 1,601,201	874,856	$ 47,141	$ 80,611	$ 169,841	$ 416,691	$ 18,575	$ 33,782	$ 173,741	$ (150,073)	$ 23,772,475
Accrued Compensation and Related Items	9,445,612	29,596	-	-	-	629,789	238,680	-	70,386	-	227,479	37,161	2,131	47,600	-	10,728,434
Accrued Interest Payable	-	3,013,426	463,286	1,544,323	420,976	904,252	59,998	9,788	-	-	-	11,270	-	1,803	-	6,429,122
Obligations under Deferred-Giving Arrangements	-	-	-	77,052	-	-	37,606	-	-	669,377	-	-	-	-	-	784,035
Deposits from Prospective Residents	-	2,394,171	321,830	1,079,566	195,304	158,788	438,205	-	-	-	-	217,652	10,635	52,178	-	4,868,329
Entrance Fees - Refundable	-	4,248,785	2,961,954	460,615	299,833	2,756,252	791,038	-	-	-	-	-	-	-	-	11,518,477
Deferred Revenue	-	501,624	36,273	62,029	57,773	174,915	249,940	-	47	5,922	73,916	1,733	84	2,553	-	1,166,809
Reserve for LIFE Program	-	-	-	-	-	-	2,722,667	-	-	-	-	-	-	-	-	2,722,667
Current Portion of Lease Liabilities - Operating Leases	519,423	253,971	45,260	132,274	98,374	125,195	884,159	-	-	-	17,819	7,898	-	-	-	2,084,373
Current Portion of Lease Liabilities - Finance Leases	-	78,651	9,038	-	-	22,402	49,744	-	-	-	-	-	-	-	-	159,835
Current Portion of Long-Term Debt	-	6,159,691	711,566	2,255,639	609,361	38,805,355	1,464,017	76,323	-	-	-	257,815	134,101	162,463	-	50,636,331
Total Current Liabilities	26,867,344	19,446,488	4,650,254	6,131,268	1,898,031	45,178,149	7,810,910	133,252	151,044	845,140	735,905	552,104	180,733	440,338	(150,073)	114,870,887
Due to ACOMM, Net	30,935,147	-	-	-	4,896,998	5,855,295	16,224,633	-	7,368,713	10,627,594	1,400,620	4,043,374	-	-	(81,352,374)	-
Long-Term Lease Liabilities - Operating Leases	2,690,294	594,664	88,981	308,749	188,594	273,965	4,059,707	-	-	-	-	314	71,202	-	-	8,276,470
Long-Term Lease Liabilities - Finance Leases	-	80,238	9,221	-	-	22,853	95,417	-	-	-	-	-	-	-	-	207,729
Long-Term Debt, Net	-	117,070,168	17,480,485	81,428,541	22,463,582	-	18,101,075	3,018,836	-	-	-	6,638,216	3,293,600	658,963	-	270,153,466
Contingent Refundable Entrance Fee Liability	-	102,709,120	23,527,506	12,813,830	14,275,658	21,846,256	4,808,085	-	-	-	-	-	-	-	-	179,980,455
Entrance Fees - Deferred Revenue	-	89,914,757	35,464,164	41,957,754	10,006,192	6,268,791	20,787,050	-	-	-	-	-	-	-	-	204,398,708
Obligations under Deferred-Giving Arrangements	-	-	-	145,575	-	-	100,614	-	-	3,079,532	-	-	-	-	-	3,325,721
Other Long-Term Liabilities	-	1,500,000	-	-	-	-	-	-	-	-	64,590	-	-	-	-	1,564,590
Total Liabilities	60,492,785	331,315,435	81,220,611	142,785,717	53,729,055	79,445,309	71,987,491	3,152,088	7,519,757	14,552,266	2,201,115	11,234,008	3,545,535	1,099,301	(81,502,447)	782,778,026
NET ASSETS (DEFICIT)																
Without Donor Restrictions	(36,313,538)	(52,937,593)	(13,535,851)	(21,090,192)	(29,795,553)	(13,074,993)	12,681,385	(1,381,386)	(5,867,145)	-	(376,561)	1,388,374	(1,133,300)	2,275,408	(1,291,616)	(160,452,561)
With Donor Restrictions	-	20,084,118	3,892,972	15,965,381	465,753	290,487	9,986,734	-	170,535	35,144,422	-	-	-	-	(34,916,252)	51,084,150
Total Net Assets (Deficit)	(36,313,538)	(32,853,475)	(9,642,879)	(5,124,811)	(29,329,800)	(12,784,506)	22,668,119	(1,381,386)	(5,696,610)	35,144,422	(376,561)	1,388,374	(1,133,300)	2,275,408	(36,207,868)	(109,368,411)
Total Liabilities and Net Assets (Deficit)	$ 24,179,247	$ 298,461,960	$ 71,577,732	$ 137,660,906	$ 24,399,255	$ 66,660,803	$ 94,655,610	$ 1,770,702	$ 1,823,147	$ 49,696,688	$ 1,824,554	$ 12,622,382	$ 2,412,235	$ 3,374,709	$ (117,710,315)	$ 673,409,615

ASBURY COMMUNITIES, INC.
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
REVENUES, GAINS, AND OTHER SUPPORT																
Resident and Client Service Revenue	$ -	$ 70,955,775	$ 18,845,286	$ 30,661,962	$ 17,040,918	$ 25,645,683	$ 55,351,894	$ -	$ 2,391,073	$ -	$ -	$ 3,076,094	$ -	$ -	$ (4,342,685)	$ 219,626,000
Other Operating Revenue	15,016,761	4,443,115	731,386	1,347,906	589,328	3,611,831	4,355,155	727,101	267,556	-	10,591,012	32,066	303,658	1,472,577	(23,352,299)	20,137,153
Amortization of Entrance Fees	-	13,659,657	5,051,732	6,198,223	1,748,723	1,160,247	3,407,747	-	-	-	-	-	-	-	-	31,226,329
Interest and Dividend Income, Net	363,625	1,426,056	172,166	670,541	82,768	314,499	347,205	61	164	829,697	-	2,586	97	2,447	(94,202)	4,117,710
Net Realized Gain (Loss) on Investments	(667,879)	(2,264,844)	(177,046)	(202,803)	(68,828)	(721,411)	(1,689,099)	-	-	911,431	(494)	-	-	-	-	(4,880,973)
Net Unrealized Loss on Equity Securities	(3,059,791)	(7,675,436)	(622,986)	(4,311,351)	(301,235)	(1,816,997)	(2,079,869)	-	-	(5,935,568)	-	-	-	-	-	(25,803,233)
Contributions of Cash and Other Financial Assets	-	-	-	-	-	-	-	-	-	1,790,949	-	-	-	-	-	1,790,949
Contributions of Nonfinancial Assets	-	-	-	-	-	-	-	-	-	2,426,800	-	-	-	-	-	2,426,800
Net Assets Released from Restrictions																
Used for Operations	-	-	-	-	-	-	-	-	-	1,285,985	-	-	-	-	-	1,285,985
Allocations from Asbury Foundation, Inc.	-	-	699,261	-	-	13,469	999,740	-	-	6,415,470	-	-	-	-	(8,127,940)	-
Total Revenues, Gains, and Other Support	11,652,716	80,544,323	24,699,799	34,364,478	19,091,674	28,207,321	60,692,773	727,162	2,658,793	7,724,764	10,590,518	3,110,746	303,755	1,475,024	(35,917,126)	249,926,720
EXPENSES																
Salaries	12,244,500	31,755,667	6,623,752	10,896,141	8,040,965	13,331,848	21,019,287	133,809	1,769,463	-	4,681,491	851,744	21,065	444,519	(1,487,528)	110,326,723
Employee Benefits	2,649,787	6,117,220	1,220,555	2,540,429	1,583,178	2,824,783	4,696,961	22,063	259,276	-	828,938	137,313	3,855	161,385	(124,110)	22,921,633
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	581,432	-	-	-	(130,590)	450,842
Contract Labor	44,368	4,017,277	1,368,460	4,000,391	1,811,167	7,309,311	6,621,005	-	67,472	-	1,099,792	-	-	-	-	26,339,243
Food Purchases	-	3,415,085	927,902	1,015,377	697,627	1,615,524	1,314,778	-	-	-	-	107,452	-	-	-	9,093,745
Medical Supplies and Other Resident Costs	-	3,537,214	682,440	1,091,310	608,582	1,778,629	18,834,812	-	49,093	-	-	118,118	536	46,304	(4,342,685)	22,404,353
General and Administrative	2,411,215	1,597,337	472,453	485,794	577,601	2,657,616	1,439,893	85,896	200,773	2,306,397	507,245	46,228	91,337	159,556	(39,600)	12,999,741
Building and Maintenance	1,182,782	8,711,801	2,433,982	4,062,000	1,794,147	4,100,543	6,337,038	163,376	152,528	45,267	646,228	408,637	152,588	314,369	-	30,505,286
Professional Fees and Insurance	60,591	990,245	244,246	328,493	255,172	846,153	617,766	33,226	7,834	552	102,762	64,880	10,078	34,878	-	3,596,876
Interest	32,504	4,715,436	771,665	3,227,437	899,078	1,648,860	817,827	136,091	6,052	10,660	10,383	266,105	-	34,476	(94,202)	12,482,372
Taxes	6,123	2,244,282	702,323	1,027,798	177,562	1,662,227	246,865	-	5,633	-	684,779	131,072	-	150	-	6,888,814
Provisions for (Recoveries of) Bad Debts	-	76,922	(17,579)	(31,721)	63,978	36,620	12,304	-	(53,817)	86,081	(45,707)	(213)	-	1,928	-	128,796
Depreciation and Amortization	508,526	17,465,064	3,314,933	5,274,589	1,944,535	4,163,158	4,830,665	195,212	33,043	15,364	342,795	509,594	98,778	65,170	(1,281,533)	37,479,893
Overhead Allocation	-	-	-	-	-	47,974	-	-	(47,974)	-	-	-	-	-	-	-
Management Fee and Other Fees	412,827	8,281,317	2,118,618	2,696,350	1,680,896	3,634,475	1,855,153	-	319,298	22,087	198,947	166,498	-	-	(21,386,466)	-
Allocations to Asbury Foundation, Inc.	-	1,338,758	-	1,562,894	116,942	-	-	-	-	5,109,346	-	-	-	-	(8,127,940)	-
Total Expenses	19,553,223	94,263,625	20,863,750	38,177,282	20,251,430	45,657,721	68,644,354	769,673	2,768,674	7,595,754	9,639,085	2,807,428	378,237	1,262,735	(37,014,654)	295,618,317
INCOME (LOSS) FROM OPERATIONS PRIOR TO NET UNREALIZED GAIN ON CHANGE IN MARKET VALUE OF DERIVATIVE INSTRUMENTS, AND GAIN ON DISPOSAL OF ASSETS	(7,900,507)	(13,719,302)	3,836,049	(3,812,804)	(1,159,756)	(17,450,400)	(7,951,581)	(42,511)	(109,881)	129,010	951,433	303,318	(74,482)	212,289	1,097,528	(45,691,597)

ASBURY COMMUNITIES, INC.
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Asbury Communities, Inc.	Asbury Methodist Village	Asbury Solomons, Inc.	Bethany Village	Springhill	Asbury, Inc.	Albright Care Services	Warrior Run Manor, Inc.	Asbury Communities HCBS, Inc.	Asbury Foundation, Inc.	The Asbury Group, Inc.	Chandler Estates	Forest Ridge Manor, Inc.	Bethany Development Corporation	Eliminations	Consolidated Balance
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS																
Income (Loss) from Operations Prior to Net Unrealized Gain on Change in Market Value of Value of Derivative Instruments and Gain on Disposal of Assets	$ (7,900,507)	$ (13,719,302)	$ 3,836,049	$ (3,812,804)	$ (1,159,756)	$ (17,450,400)	$ (7,951,581)	$ (42,511)	$ (109,881)	$ 129,010	$ 951,433	$ 303,318	$ (74,482)	$ 212,289	$ 1,097,528	$ (45,691,597)
Net Unrealized Gain on Change in Market Value of Derivative Instruments	-	360,745	5,740	1,789,700	672,682	18,686	899,143	-	-	-	-	1,251,038	-	-	-	4,997,734
Gain on Disposal of Assets	-	634,151	-	-	-	-	-	-	-	-	-	-	-	-	-	634,151
INCOME (LOSS) FROM OPERATIONS	(7,900,507)	(12,724,406)	3,841,789	(2,023,104)	(487,074)	(17,431,714)	(7,052,438)	(42,511)	(109,881)	129,010	951,433	1,554,356	(74,482)	212,289	1,097,528	(40,059,712)
Transfers (to) from ACOMM, Net	(1,604,750)	(308,250)	(34,250)	(52,750)	-	-	2,000,000	-	-	(341,621)	-	-	-	-	341,621	-
Loss on Discontinued Operations	(1,461,094)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,461,094)
Equity Transfer	(48,929)	-	-	-	-	-	48,929	-	-	-	-	-	-	-	-	-
Net Assets Released from Restrictions Used for Purchases of Capital Items	-	72,007	27,407	74,123	125,524	2,560	40,000	-	-	341,621	-	-	-	-	(341,621)	341,621
Change in Value of Deferred-Giving Arrangements	-	-	-	-	-	-	53,209	-	-	350,892	-	-	-	-	-	404,101
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	107,171	329,110	28,219	(192,130)	10,854	282,361	(764,527)	-	-	(479,902)	-	-	-	-	-	(678,844)
Net (Increase) Decrease in Net Assets (Deficit) Without Donor Restrictions	(10,908,109)	(12,631,539)	3,863,165	(2,193,861)	(350,696)	(17,146,793)	(5,674,827)	(42,511)	(109,881)	-	951,433	1,554,356	(74,482)	212,289	1,097,528	(41,453,928)
NET ASSETS WITH DONOR RESTRICTIONS																
Contributions of Cash and Other Financial Assets	-	-	-	-	-	-	-	-	-	5,563,004	-	-	-	-	-	5,563,004
Net Assets Released from Restrictions for Operations	-	-	-	-	-	-	-	-	-	(1,285,985)	-	-	-	-	-	(1,285,985)
Net Assets Released from Restrictions Used for Purchases of Capital Items	-	(72,007)	(27,407)	(74,123)	(125,524)	(2,560)	(40,000)	-	-	(341,621)	-	-	-	-	341,621	(341,621)
Net Investment Income	-	-	-	-	-	-	(729,334)	-	-	85,428	-	-	-	-	-	(643,906)
Change in Value of Deferred-Giving Arrangements	-	-	-	(16,966)	-	-	29,792	-	-	269,060	-	-	-	-	-	281,886
Change in Beneficial Interest in Net Assets of Asbury Foundation, Inc.	-	763,963	924,337	1,674,490	60,764	12,873	1,016,810	-	(20,869)	-	-	-	-	-	(4,432,368)	-
Net Increase (Decrease) in Net Assets With Donor Restrictions	-	691,956	896,930	1,583,401	(64,760)	10,313	277,268	-	(20,869)	4,289,886	-	-	-	-	(4,090,747)	3,573,378
CHANGES IN NET ASSETS (DEFICIT)	(10,908,109)	(11,939,583)	4,760,095	(610,460)	(415,456)	(17,136,480)	(5,397,559)	(42,511)	(130,750)	4,289,886	951,433	1,554,356	(74,482)	212,289	(2,993,219)	(37,880,550)
Net Assets (Deficit) - Beginning of Year	(25,405,429)	(20,913,892)	(14,402,974)	(4,514,351)	(28,914,344)	4,351,974	28,065,678	(1,338,875)	(5,565,860)	30,854,536	(1,327,994)	(165,982)	(1,058,818)	2,063,119	(33,214,649)	(71,487,861)
NET ASSETS (DEFICIT) - END OF YEAR	$ (36,313,538)	$ (32,853,475)	$ (9,642,879)	$ (5,124,811)	$ (29,329,800)	$ (12,784,506)	$ 22,668,119	$ (1,381,386)	$ (5,696,610)	$ 35,144,422	$ (376,561)	$ 1,388,374	$ (1,133,300)	$ 2,275,408	$ (36,207,868)	$ (109,368,411)