



An Albright Care Services, Inc.  
Continuing Care Retirement Community  
15 Ridgecrest Circle  
Lewisburg, PA 17837

## **Disclosure Statement**

### **April 30, 2023**

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

## TABLE OF CONTENTS

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

## Exhibits

Names and Occupations of Directors and Officers	Exhibit A
Residential, Personal Care and Health Care Fees	Exhibit B
Residential Fee History	Exhibit C
Albright Care Services, Inc. Audited Financial Statements	Exhibit D
IRS Determination Letter	Exhibit E

## 1. ABOUT THIS DOCUMENT

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

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

### Community Address

RiverWoods  
15 RidgeCrest Circle, Lewisburg, PA 17837  
Office: 570-522-6234

### Name & Address of Owner/Provider

Albright Care Services  
90 Maplewood Dr  
Lewisburg, PA 17837  
[www.Albrightcare.org](http://www.Albrightcare.org)

### Name & Address of Parent

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

### Statement of Tax-Exempt Status

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

## 2. ABOUT RIVERWOODS

### History

Albright Care Services is a nonprofit corporation created on August 31, 1971 from the consolidation of the Evangelical Home of the United Methodist Church with the United Methodist Nursing Homes, Inc. and originally known as the Lewisburg United Methodist Homes. The Evangelical Home had been in existence since 1912.

With the United Evangelical Home's mission fully dedicated to serving seniors, the board of directors began a long-term campus development program to address the needs of the population in the community. In 1946, the Evangelical Church and the Church of the United Brethren in Christ had merged to form the Evangelical United Brethren (EUB) Church. In the late 1960s, a cooperative effort between EUBs and Methodists in Central Pennsylvania led to the construction of a state-of-the-art nursing care center on the Lewisburg Campus. The EUB and the Methodist denominations merged in 1968 to become The United Methodist Church, and the corporate name of the organization changed to Lewisburg United Methodist Homes. Later, in an effort to better reflect its mission, the corporate name changed to United Methodist Continuing Care Services (UMCCS) and finally changed to Albright Care Services to reflect its history and simplify the name. Modernization and expansion on the Lewisburg campus remains an on-going process. Between 1969 and 1989, another 100 beds were added to the nursing care center and new residential living units were constructed. The 71 apartments in Riverview Manor were completed in two phases. Fifty-six Garden Cottages, providing independent-living options for active seniors, were also constructed during this time.

#### Statement regarding religious and other affiliations

RiverWoods has a historical relationship with the United Methodist Church; however, there are no financial or contractual obligations between RiverWoods/Albright Care Services, Inc. and the United Methodist Church. Our charitable mission continues to flow from the teachings of John Wesley, founder of the Methodist Church, who believed that a faith-based life is blessed by grace and carried outward into the world in service for others. Today, we translate those values by creating the highest quality of life by encouraging purposeful living through personalized, progressive, and compassionate communities deeply rooted in serving others.

RiverWoods is an affiliate of Asbury Communities, Inc., the not-for-profit parent of a system of senior living and health service providers. In 2022, RiverWoods (and all Asbury's PA & MD communities) received 5-year EAGLE accreditation for organizations that soar above the competition while living out faith values.

## About the Community

RiverWoods is located in Kelly Township, adjacent to the Borough of Lewisburg, the home of Bucknell University. The facility is immediately across the street from Evangelical Community Hospital.

The entire campus is 200 acres, and offers multiple levels of care ranging from skilled nursing care to independent living. The nursing care center contains 226 beds and provides skilled, intermediate, and custodial nursing care. The nursing care center is Medicare and Medicaid certified. Riverview Manor is a residential care building with 71 apartments. The apartments are certified for both the provision of personal care services for those who require assistance with activities of daily living, as well as independent living. The Garden Cottages are for residents who are not dependent on skilled nursing services and require only routine maintenance of the grounds of their cottages. The majority of cottages contain 4 units, but the community is slowly converting some of the quads into three double cottages with garages. There is one stand-alone cottage with a garage. A new double cottage with garages was added in 2018. There are a total of 52 cottages on the campus. Residents pay a monthly fee for services and maintenance. There is also an apartment building, Ridgecrest Court, which opened in June 2003. It consists of 64 residential living apartments in a multi-story building, along with a community center, restaurant, library and recreational areas for the benefit of the entire campus. In 2015, some of the Riverview Manor units were converted into Alcove apartments with additional ones converted in 2016 totaling 14 Alcove Apartments; (13) One Bedroom and (1) Two bedroom unit.

RiverWoods is an equal housing opportunity provider and is welcome to prospective residents, age 62 years and older. Minimum age waivers may be granted in special circumstance. As of December 31, 2021, 154 residents resided in cottages or apartments, 40 in personal care, and 101 in skilled nursing. Total resident population was 295.

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

## Expansions and Renovations

Over the last four years, we have completed updates to the apartment common areas, and have updated the floor plans of numerous cottages to meet the market demand, providing greater square footage and better meeting Americans with Disabilities Act (ADA) standards. We undertook a significant project in 2022 to improve our Information Technology infrastructure and WiFi capabilities by installing new fiber optic cable throughout the campus. In 2022 we invested significant funds to improve the resident swimming pool area by replacing the HVAC & dehumidification system, repainting & addressing roofing needs. Plans are underway for updating and improving the nursing care center, repurposing unused areas, and revitalizing our grounds.

## **Resident Associations**

RiverWoods has very active and vibrant resident association groups that promote resident interests, facilitate communication, interact with management, and organize events and activities. The RiverWoods Residents' Council is comprised of elected representatives who meet monthly with administration to focus on various aspects of campus life and to receive and integrate resident and staff suggestions for improving the quality of life at RiverWoods. Minutes from these meetings are distributed to all residents.

### 3. ABOUT THE OWNER & PARENT CORPORATION

RiverWoods is owned and operated by Albright Care Services, Inc., a not-for-profit charitable corporation, which is the legal entity responsible for providing services to the residents of RiverWoods. Albright Care Services owns and operates one other continuing care retirement community (CCRC) in Pennsylvania: Normandie Ridge, York, PA. Albright also owns and operates four Living Independence for Elders (LIFE) programs in Lycoming, Lancaster, Lebanon and Chester Counties in PA. Albright Care Services is also the sponsor and management agent for Warrior Run Manor, a 76-unit apartment complex for the elderly in Watsontown, Pennsylvania. Warrior Run Manor was developed with a direct loan from the Department of Housing and Urban Development under the Section 202 program. Additionally, RiverWoods owns the Family Health Center building and leases space to a dental practice and an optometry practice.

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

- Asbury Atlantic, Inc. which operates two other CCRCs in Pennsylvania: Springhill, Erie, PA and Bethany Village, Mechanicsburg, PA (collectively referred to as the Pennsylvania Obligated Group), and two other CCRCs in Maryland: Asbury Methodist Village, Gaithersburg, MD and Asbury Solomons, Solomons, MD, (collectively referred to as the Maryland Obligated Group)
- Asbury Inc. owns and operates Asbury Place Maryville, Asbury Place Kingsport/Baymont, and Asbury Place Kingsport/Steadman Hill.
- Forest Ridge Manor, Inc. operates a section 202 HUD senior housing apartment building (Kingsport, TN). Asbury Inc. is the Sponsor and controlling entity of Forest Ridge Manor Inc.
- Bethany Towers, a HUD Development corporation that provides residential services in Mechanicsburg, Pennsylvania.
- The Asbury Foundation, Inc., which raises charitable contributions for RiverWoods and the other Asbury CCRCs;
- Asbury Communities HCBS, Inc., a wholly owned, not-for-profit entity of Asbury Communities, Inc., which provides home care in the communities in which the Asbury CCRCs are located;
- The Asbury Group, Inc., a for-profit corporation, is wholly owned by Asbury Communities and provides consulting services to unrelated entities primarily in the senior living sector; and
- Affiliated Associates, Inc., a not-for-profit payroll company.
- Asbury acquired The Chandler Estate, Inc. an Independent and Personal Care campus in Pen Argyl, PA in September 2021.



**Asbury Communities, Inc.** is a not for profit supporting organization, organized for the benefit of its affiliated and related entities (“Asbury System”) through the provision of business operations and consulting services. The Asbury Communities, Inc. Board & System Committees are comprised of directors who reside in the communities served by the Asbury System.

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

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

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

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

**Asbury, Inc.** owns and operates Asbury Place Maryville, Asbury Place Kingsport/Baysmont, Asbury Place Kingsport/Steadman Hill.

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

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

**Asbury Communities HCBS, Inc.** owns and operates several residential home care services, a Medicare certified home health agency (Montgomery County, MD), a laboratory (Asbury Methodist Village), and holds interest in third party company that provides residential home care services.

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

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

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

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

**1569 Teels Road LLC** owns and operates Chandler Estate (Pen Argyl, PA). The Asbury Group, Inc. is the sole Member.

**Edge Therapy Solutions, LLC** provides PT, OT, ST management services. Edge Therapy Solutions is a joint venture, 50% owned by The Asbury Group, Inc. and 50% owned by an unrelated third party.

**5285 Westview Drive One, LLC (d/b/a ThriveSaaS Worx)** is an authorized seller and installer of NetSuite ERP. The Asbury Group, Inc. is the sole Member.



## 4. GOVERNANCE & MANAGEMENT

Management of RiverWoods is led by Aaron Barth. Mr. Barth has 18 years of experience in healthcare administration and began serving as the Executive Director of RiverWoods in August 2021. Management is responsible for the day-to-day operations and overall functioning of RiverWoods. Several governing boards comprised of volunteer members provide oversight of RiverWoods.

The RiverWoods Community Advisory Committee works directly with the Executive Director and is focused exclusively on RiverWoods's programs, quality of care and service, master campus planning, and fundraising activities (in conjunction with the Asbury Foundation). The Community Advisory Committee communicates community needs and makes recommendations to the Albright Care Services Board regarding its scope of responsibility. The Albright Care Services, Inc. Board of Directors is legally responsible for control of RiverWoods and is primarily responsible for approving budget and maintaining financial health as well as monitoring quality of care and services. The Asbury Communities Board of Directors is focused on enhancing the strength of the entire fulfillment of its purpose and recognizing its full potential for providing services to the aging.

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

*Please see **Exhibit A** for a listing of the RiverWoods Community Advisory Committee and Albright Care Services, Inc. Directors and Officers.*

### **Albright Care Services, Inc. Governance**

The Albright Care Services, Inc. Board of Directors is comprised of volunteer members with the responsibility of governing the corporation and its CCRCs, including RiverWoods. At least one of the Albright Care Services Directors is a current resident of one of the Albright communities. None of the Directors have a financial interest in Albright Care Services, Inc. With exception of the president, treasurer, and secretary, who are employees; all board members are uncompensated.

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

The Executive Director and various members of the RiverWoods management team meet quarterly with the residents, associates & family in a scheduled “Community Update.” Topics include operational updates and other issues of interest to residents. The meetings are held at a mutually agreed upon time at a consistent location. All residents are invited.

## **Services Agreements**

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

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

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

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

## 5. SERVICES & FEES

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

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

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

- Additional dining services for residents and guests
- Catering services
- Beauty salon and barber services
- Additional housekeeping services
- Additional maintenance services
- Unscheduled transportation and medical appointments
- Home health, rehabilitation and personal care services
- Additional Wellbeing service offerings (e.g. Personal training, Kinnections Brain Health program)

The cost of residence in the RiverView Manor Personal Care or RiverWoods Skilled Nursing is not included in the monthly fee for apartments and cottages.

Fees for Personal Care and Skilled Nursing are listed in **Exhibit B**.

### Description of Fees

RiverWoods offers two entry fee options: (1) standard entrance fee; or (2) 50 percent refundable entrance fee. The standard fee option is lower in cost than the refundable fee options. The standard entrance fee amortizes over the first 60 months of residency. After 60 months, there is no refundable portion of the standard entrance fee remaining. The 50

percent refundable entrance fee option returns 50 percent of the amount paid by the resident. Refundable entrance fees are paid when RiverWoods receives an entrance fee from a successor resident for the vacated unit. Please see the Residency Agreement for additional details regarding Entrance Fee refunds.

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

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

## Use of Fees

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

### Fee for Service CCRC

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

## Benevolent Care

A significant part of the organization's charitable mission is to ensure that residents who have outlived their resources through no fault of their own are able to continue to reside at RiverWoods. This means that residents who have conserved resources will be eligible to apply for and receive benevolent care support, as long as the provision of such support does not impair the ability of the organization to operate on a sound financial basis and maintain the facilities and services for other residents at RiverWoods. The Asbury Foundation, a 501 (c) (3) not-for-profit organization, actively seeks donations for benevolent care, including a special endowment fund, to offset the costs of providing this support.

## 6. FINANCIAL STRENGTH & STEWARDSHIP

*The financial statements for the year ending December 31, 2022 for Albright Care Services, Inc. as audited by CliftonLarsonAllen LLP, a qualified independent certified public accountant who has not entered into indemnity clauses, which are prohibited in 31 Pa. Code §147.6(b)(4). Financial Statements are located at **Exhibit D**.*

### Albright Care Services Obligated Group

RiverWoods does not have any individual long-term debt. Instead, all its long-term debt is part of Albright Care Services. The Albright Care Services Obligated Group is comprised of RiverWoods, Normandie Ridge, Albright LIFE, and Albright Pharmacy. All are jointly and individually responsible for the total long-term debt related to the Albright Care Services Obligated Group. For financial statement purpose, the long-term debt for liability of principle and interest is allocated to the respective community for which the debt was incurred. Since the inception of the Albright Care Services Obligated Group, there has never been a time that RiverWoods has been unable to pay its share of the debt of the Albright Care Services Obligated Group.

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

## Long Term Financing

Currently, the Albright Care Services Obligated Group is responsible for a total long-term debt of \$19,764,015 which is allocated into the following two separate tax-exempt bond issuances.

Bond Series	Type	Maturity Date	Principle Outstanding (as of 12/31/2022)
PA Series 2014 Master Note	Variable Rate	2014-2020	8,161,015
PA Series 2018 Master Note	Variable Rate	2018-2035	11,603,000

## Operating Reserves

Riverwoods maintains a statutory reserve of \$959,212 that is required by Pennsylvania law.

## Management of Investments

All investment funds are managed pursuant to Investment Guidelines established by the Albright Care Services Board of Trustees. The Investment Committee meets semiannually to recommend the selection and oversee the performance of the investment managers. At each semiannual meeting, fund performance for the various funds is reported upon, and as necessary, the Investment Guidelines are changed to meet the needs of the organizational investment structure. The Committee is populated by well-qualified Directors and are supported by the organization's Vice President of Finance/Treasurer.

# Exhibit

# A

## **Community Advisory Committee**

### **RiverWoods 2022-2023**

Dr. Barbara Kolmen, Chair  
Ms. Kendra Aucker  
Mr. Gerald (Gerry) Commerford  
Mr. David Hassenplug  
Mr. Andrew (Drew) Kauffman  
Ms. Holly Kyle  
Ms. Diane Reed  
Ms. Kate Schaeffer  
Mr. Michael Vuocolo  
Mr. Aaron Barth, Executive Director



**ALBRIGHT CARE SERVICES, INC.**  
**BOARD OF DIRECTORS**  
**2022-2023**

DIRECTORS (3-17)	Board Composition Qualifications
<b>Dale Moyer, Chair</b>	UMC Lay Member
<b>Eric M. Raski, Vice Chair</b>	UMC Lay Member
<b>Monte Foor</b>	UMC Lay Member, NR Resident
<b>Barbara Kolmen</b>	RW Resident
<b>Diane McElwain</b>	UMC Lay Member
<b>Steve Takach</b>	UMC Lay Member
<b>Brian Wolfe</b>	

Class of 2023	Class of 2024	Class of 2025
B. Kolmen (2023-2026)	D. Moyer (2015-2024)	S. Takach (2019-2028)
B. Wolfe (2017-2026)	E. M. Raski (2018-2027)	D. McElwain (2020-2028)
	M. Foor (2021-2024)	

**Executive Committee**

D. Moyer, Chair  
E. M. Raski, Vice Chair  
Director, Steve Takach

**Officers**

Shaun Smith, President  
Andrew Joseph, Secretary  
Carol Klose, Assistant Secretary  
Andrew Jeanneret, Treasurer  
John Blessing, Assistant Treasurer

# Exhibit

# B

Residential, Personal Care and Health Care Fees

# RiverWoods Nursing Care

## Center Charges

Effective January 1, 2023

Daily Long Term Rate	\$391 Semi-private / \$438 Private
Daily Rehabilitation & Transitional Care Rate	\$550 Semi-private / \$579 Private
Daily Memory Care Residence Rate	\$446 Semi-private / \$499 Private
Service	Charge
Beauty/Barber	See attached charge sheet
Cable TV	Included
Guest Meals in NCC	\$9 breakfast; \$12 lunch; \$12 dinner
Personal Laundry Services	\$55/month
Telephone	Local Telephone Company
Transportation without escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  Off campus: \$25/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation with escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	\$45/hour, 1 hour minimum. Additional time billed in 30 minute increments.

Meals in RidgeCrest Restaurant are billed at full price.

### POTENTIAL ADDITIONAL CHARGES

The following items may not be covered by medical insurance: specialized medical equipment and supplies and oxygen, nutritional feeding and pump, wound care products, IV supplies, X-rays, laboratory tests, diagnostic tests, flu shots and pneumonia vaccines, personal purchases, therapy services (prevailing fee of Therapist), Pharmacy (billed by Albright Pharmacy), Physician/Consultant fees (billed by Provider).

# Nursing Care Center

## Beauty/Barber Charges

Effective January 1, 2023

Service	Charge
Shampoo	\$10
Paul Mitchell Anti-Thinning Treatment	\$7
Women's Cut	\$18
Women's Shampoo, Cut & Style	\$30
Women's Shampoo & Style	\$22
Men's Cut	\$16
Men's Cut & Shampoo Package	\$21
Single Process Color	\$35
Single Process Color & Style	\$54
Single Process Color, Cut & Style	\$69
Highlights, Cut & Style	\$64
Highlights	\$38
Perm, Cut & Style	\$68
Truist Moisturizing Manicure	\$25
Truist Glove or Sock	\$6
Manicure	\$22
Pedicure	\$32
Polish Change / Nail Shaping	\$15
Nail Clipping	\$9
Paraffin Wax Hand Treatment	\$10
Men's Facial Grooming	\$10
Hair Removal Service (per service for Chin or Lip)	\$11
Hair Removal Service (per service for Brow)	\$11

# Riverview Manor Personal Care Center Charges

Effective January 1, 2023

Daily Room Rate (per person)				
Level	Semi-Private	Private	Double Semi-Private	Double Private
PC 1	\$108	\$149	\$149	\$298
PC 2	\$133	\$175	\$175	\$323
PC 3	\$168	\$209	\$209	\$358

BED HOLD POLICY: First 30 days - 1/3 of current PC level room rate.

After 30 days - PC level 1 room rate.

Service	Charge
Beauty/Barber	See attached charge sheet
Cable TV	\$34/month
Guest Meals	\$9 breakfast; \$12 lunch; \$12 supper
Personal Laundry Services	\$55/month
Telephone	Local Telephone Company
Replacement FOB	\$35
Transportation without escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  Off campus: \$25/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation with escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	\$45/hour, 1 hour minimum. Additional time billed in 30 minute increments.

Meals in RidgeCrest Restaurant are billed at full price.

## POTENTIAL ADDITIONAL CHARGES

The following items may not be covered by medical insurance: specialized medical equipment and supplies and oxygen, nutritional feeding and pump, wound care products, IV supplies, X-rays, laboratory tests, diagnostic tests, flu shots and pneumonia vaccines, personal purchases, therapy services (prevailing fee of Therapist), Pharmacy (billed by Albright Pharmacy), Physician/Consultant fees (billed by Provider).

# RidgeCrest and Riverview Manor Beauty/Barber Charges

Effective January 1, 2023

Service	Charge
Shampoo	\$10
Paul Mitchell Anti-Thinning Treatment	\$7
Women's Cut	\$18
Women's Shampoo, Cut & Style	\$30
Women's Shampoo & Style	\$22
Men's Cut	\$16
Men's Cut & Shampoo Package	\$21
Single Process Color	\$35
Single Process Color & Style	\$54
Single Process Color, Cut & Style	\$69
Highlights, Cut & Style	\$64
Highlights	\$38
Perm, Cut & Style	\$68
Truist Moisturizing Manicure	\$25
Truist Glove or Sock	\$6
Manicure	\$22
Pedicure	\$32
Polish Change / Nail Shaping	\$15
Nail Clipping	\$9
Paraffin Wax Hand Treatment	\$10
Men's Facial Grooming	\$10
Hair Removal Service (per service for Chin or Lip)	\$11
Hair Removal Service (per service for Brow)	\$11

# RidgeCrest Apartment Charges

Effective January 1, 2023

## One Bedroom Traditional

One person per month: \$1,564

Two people per month: \$1,968

## Two Bedroom Traditional

One person per month: \$1,782

Two people per month: \$2,186

## One Bedroom with Den

One person per month: \$1,671

Two people per month: \$2,075

## Two Bedroom Deluxe

One person per month: \$1,851

Two people per month: \$2,255

Service	Charge
Beauty/Barber	See attached charge sheet
Guest Suite - small	\$90/night plus tax
Guest Suite - large	\$109/night plus tax
Cable Boxes - New Residents Only	One time fee: \$86/cable box
Maintenance	\$40/hour
Garage Door Opener Replacement	\$54
Monthly Meal Credits	\$235/person
Replacement FOB	\$35
Telephone	Local Telephone Company
Transportation without escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  Off campus: \$25/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation without escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  \$45/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation for groups of 6 or more riders	<ul style="list-style-type: none"> <li>• 5 mile radius: \$66 (with 30 day notice, premium rate for less than 30 day notice. Based on availability.)</li> <li>• <b>Greater than 5 miles: \$66 plus \$25/hr. for each additional hour</b></li> </ul>

## Alcove Apartment Charges

Effective January 1, 2023

### Alcove Apartment: One Bedroom

One person per month: \$1,388

Two people per month: \$1,792

### Alcove Apartment: Two Bedroom

One person per month: \$1,891

Two people per month: \$2,295

Service	Charge
Beauty/Barber	See attached charge sheet
Guest Suite - small	\$90/night plus tax
Guest Suite - large	\$109/night plus tax
Cable Boxes - New Residents Only	One time fee: \$86/cable box
Maintenance	\$40/hour
Garage Door Opener Replacement	\$54
Monthly Meal Credits	\$300/person
Replacement FOB	\$35
Telephone	Local Telephone Company
Transportation without escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  Off campus: \$25/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation without escort** <b>**Holiday charges are doubled.</b>  <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  \$45/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation for groups of 6 or more riders	<ul style="list-style-type: none"> <li>5 mile radius: \$66 (with 30 day notice, premium rate for less than 30 day notice. Based on availability.)</li> <li><b>Greater than 5 miles: \$66 plus \$25/hr. for each additional hour</b></li> </ul>



# RiverWoods Garden Cottage/ Marquis Homes Charges

Effective January 1, 2023

Service	Charge
Beauty/Barber	See attached charge sheet
Guest Suite - small	\$90/night plus tax
Guest Suite - large	\$109/night plus tax
Cable Boxes - New Residents Only	One time fee: \$86/cable box
Maintenance	\$40/hour (charged in 15min increments)
Garage Door Opener Replacement	\$54
Television	\$34
Monthly Meal Credits	\$15/person
Telephone	Local Telephone Company
Transportation without escort** <b>**Holiday charges are doubled.</b> <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  Off campus: \$25/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation with escort** <b>**Holiday charges are doubled.</b> <i>Rates based on total driving time</i>	No charge for on-campus transportation and activities sponsored by RiverWoods.  \$45/hour, 1 hour minimum. Additional time billed in 30 minute increments.
Transportation for groups of 6 or more riders	<ul style="list-style-type: none"> <li>• 5 mile radius: \$66 (with 30 day notice, Based on availability.)</li> <li>• <b>Greater than 5 miles: \$66 plus \$25/hr. for each additional hour</b></li> </ul>

# Exhibit

# C

Residential Fee History

Rate History of Resident Units at RiverWoods

Year	Personal Care	Independent Living			Skilled Nursing
		Cottages	Apartments	Alcove	
2017	\$83 to \$174	\$1,235	\$1,215 to \$1,440	\$1,080 to \$1,470	\$304 to \$450
2018	\$85 to \$179	\$1,272	\$1,251 to \$1,483	\$1,112 to \$1,514	\$313 to \$464
2019	\$88 to \$184	\$1,310	\$1,289 to \$1,527	\$1,145 to \$1,559	\$322 to \$478
2020	\$91 to \$190	\$1,349	\$1,328 to \$1,573	\$1,179 to \$1,606	\$332 to \$492
2021	\$95 to \$196	\$1,410	\$1,380 to \$1,634	\$1,225 to \$1,669	\$342 to \$507
2022	\$108 to \$209	\$1,675 to \$2,575	\$1,564 to \$1,851	\$1,388 to \$1,891	\$391 to \$579

# Exhibit D

Albright Care Services, Inc. Audited Financial Statements

**ALBRIGHT CARE SERVICES AND AFFILIATE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**



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**ALBRIGHT CARE SERVICES AND AFFILIATE  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED BALANCE SHEETS</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF OPERATIONS</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>CONSOLIDATING BALANCE SHEET</b>	<b>44</b>
<b>CONSOLIDATING STATEMENT OF OPERATIONS</b>	<b>45</b>



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Albright Care Services and Affiliate  
Lewisburg, Pennsylvania

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Albright Care Services and Affiliate, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Albright Care Services and Affiliate as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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



Board of Trustees  
Albright Care Services and Affiliate

***Supplementary Information***

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
April 20, 2023

**ALBRIGHT CARE SERVICES AND AFFILIATE  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,804,117	\$ 2,001,660
Investments	11,813,689	14,632,735
Accounts Receivable	2,980,540	3,381,481
Other Receivables and Prepaid Expenses	2,252,353	1,829,266
Total Current Assets	<u>21,850,699</u>	<u>21,845,142</u>
Property and Equipment, Net	56,146,949	56,308,537
Right-of-Use Assets - Operating Leases	4,747,812	5,930,146
Right-of-Use Assets - Finance Leases	167,837	-
Investments Restricted By Donors	4,646,443	5,505,730
Investments Held Under Bond Indenture	649,644	555,778
Deposits and Other Assets	393,455	415,356
Statutory Reserves	1,920,208	2,171,300
Investments Restricted By Board	-	36,789
Funds Held In Trust	3,872,269	4,773,586
Beneficial Interest in Net Assets of Foundation	1,637,989	661,179
Valuation of Derivative Instruments	374,476	-
Total Assets	<u>\$ 96,407,781</u>	<u>\$ 98,203,543</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 903,466	\$ 886,149
Accrued Compensation and Related Items	238,680	1,443,920
Accrued Interest Payable	69,786	50,013
Obligation Under Deferred-Giving Arrangements	37,606	46,472
Deposits From Prospective Residents and Other Deposits	438,205	565,002
Entrance Fees - Refundable	791,038	779,190
Deferred Revenue	249,940	468,004
Reserve for LIFE Program	2,722,667	2,958,960
Current Portion of Lease Liabilities - Operating Leases	884,159	947,833
Current Portion of Lease Liabilities - Finance Leases	49,744	-
Current Maturities of Long-Term Debt	1,540,340	1,477,821
Total Current Liabilities	<u>7,925,631</u>	<u>9,623,364</u>
Due to ACOMM, Net	16,224,633	7,920,100
Long-Term Lease Liabilities - Operating Leases	4,059,707	4,982,313
Long-Term Lease Liabilities - Finance Leases	95,417	-
Long-Term Debt, Net of Current	21,119,911	22,611,331
Contingent Refundable Entrance Fee Liability	4,808,085	5,031,540
Entrance Fees - Deferred Revenue	20,787,050	20,570,241
Obligation Under Deferred-Giving Arrangements	100,614	213,184
Valuation of Derivative Instruments	-	524,667
Total Liabilities	<u>75,121,048</u>	<u>71,476,740</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	11,299,999	17,017,337
With Donor Restrictions	9,986,734	9,709,466
Total Net Assets	<u>21,286,733</u>	<u>26,726,803</u>
Total Liabilities and Net Assets	<u>\$ 96,407,781</u>	<u>\$ 98,203,543</u>

See accompanying Notes to Consolidated Financial Statements.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
CONSOLIDATED STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>		
Resident and Client Services Revenue	\$ 52,006,770	\$ 49,550,889
Other Operating Revenue	4,886,784	7,025,384
Amortization of Entrance Fees	3,407,747	3,655,704
Interest and Dividend Income, Net	347,266	263,287
Net Realized Gains (Losses) on Investments	(1,689,099)	3,166,979
Net Unrealized Loss on Equity Security Investments	(2,079,869)	-
Contributions	-	342,899
Net Assets Released from Restrictions Used for Operations	-	23,949
Allocations from Asbury Foundation, Inc.	999,740	68,840
Total Revenues, Gains, and Other Support	<u>57,879,339</u>	<u>64,097,931</u>
<b>EXPENSES</b>		
Salaries	21,019,287	19,499,238
Employee Benefits	4,696,961	5,369,688
Contract Labor	6,621,005	6,455,896
Food Purchases	1,314,778	1,224,489
Medical Supplies and Other Resident Costs	15,489,688	15,076,361
General and Administrative	1,486,189	1,409,717
Building and Maintenance	6,500,414	6,075,699
Professional Fees and Property Insurance	650,992	639,355
Interest	953,918	843,610
Taxes	246,865	246,497
Provision for Bad Debts	12,304	557,116
Depreciation and Amortization	5,025,877	4,335,148
Management Fee and Other Fees	1,855,153	3,924,219
Overhead Allocation	-	(3,176)
Total Expenses	<u>65,873,431</u>	<u>65,653,857</u>
<b>LOSS FROM OPERATIONS PRIOR TO UNREALIZED GAIN ON DERIVATIVE FINANCIAL INSTRUMENTS</b>	<u>(7,994,092)</u>	<u>(1,555,926)</u>
Unrealized Gain on Derivative Financial Instruments	<u>899,143</u>	<u>483,048</u>
<b>LOSS FROM OPERATIONS</b>	<u><u>\$ (7,094,949)</u></u>	<u><u>\$ (1,072,878)</u></u>

See accompanying Notes to Consolidated Financial Statements.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Loss from Operations	\$ (7,094,949)	\$ (1,072,878)
Change in Value of Deferred-Giving Arrangements	53,209	(15,939)
Net Unrealized Loss on Fixed Income Securities and Other Investments	(764,527)	(867,953)
Transfer of Capital	2,000,000	2,000,000
Equity Transfer	48,929	-
Net Assets Released from Restrictions		
Used for Purchase of Capital Items	<u>40,000</u>	<u>7,927</u>
Net Increase (Decrease) in Net Assets Without Donor Restrictions	(5,717,338)	51,157
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	-	78,207
Investment Income (Loss), Net	(729,334)	640,529
Change in Value of Deferred-Giving Arrangements	29,792	(7,844)
Change in Beneficial Interest in Net Assets of Foundation	1,016,810	661,179
Net Assets Released from Restrictions		
Used for Operations	-	(23,949)
Net Assets Released from Restrictions		
Used for Purchase of Capital Items	<u>(40,000)</u>	<u>(7,927)</u>
Net Increase in Net Assets With Donor Restrictions	<u>277,268</u>	<u>1,340,195</u>
<b>CHANGE IN NET ASSETS</b>	(5,440,070)	1,391,352
Net Assets - Beginning of Year	<u>26,726,803</u>	<u>25,335,451</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 21,286,733</u></u>	<u><u>\$ 26,726,803</u></u>

See accompanying Notes to Consolidated Financial Statements.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (5,440,070)	\$ 1,391,352
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Provision for Bad Debts	12,304	557,116
Depreciation	5,025,877	4,335,148
Amortization of Deferred Financing Costs	48,923	48,923
Amortization of ROU Asset - Finance Leases	29,445	-
Straight-Line Rent Adjustment	196,054	-
Net Proceeds from Nonrefundable Entrance and Advance Fees	4,387,420	4,270,555
Amortization of Entrance Fees	(3,407,747)	(3,655,704)
Net Unrealized Loss on Investments	2,844,396	867,953
Unrealized Gains on Change in Market Value of Derivative Instruments	(899,143)	(483,048)
Changes in Value of Deferred-Giving Arrangements	(83,001)	23,783
Change in Funds Held In Trust	901,317	(320,358)
Change in Beneficial Interest in Net Assets of Foundation	(976,810)	(661,179)
Transfer from ACOMM	(2,000,000)	(2,000,000)
Forgiveness of Paycheck Protection Program Loan	-	(4,138,000)
Restricted Contributions Received	-	(78,207)
Changes in Assets and Liabilities:		
Accounts Receivable	388,637	(1,104,064)
Other Receivables and Prepaid Expenses	(827,926)	(261,961)
Deferred Revenue	(223,100)	275,200
Deferred Entrance Fees	418,700	(418,700)
Accounts Payable and Accrued Expenses	(1,424,216)	(3,063,929)
Accrued Interest Payable	19,773	(1,489)
Net Cash Used by Operating Activities	(1,009,167)	(4,416,609)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales (Purchases) of Investments, Net	870,726	(3,368,441)
Purchase of Property and Equipment, Net	(4,864,289)	(4,953,010)
Net Cash Used by Investing Activities	(3,993,563)	(8,321,451)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Entrance and Advance Refundable Fees		
and Refundable Deposits	1,059,680	1,123,448
Refunds from Entrance and Advance Refundable Fees and		
Refundable Deposits	(2,155,912)	(959,150)
Payments on Long-Term Debt	(1,477,824)	(1,416,926)
Payments on Finance Leases	(52,121)	-
Net Cash Distributed for Deferred-Giving Arrangements	(38,435)	(80,860)
Restricted Contributions	-	78,207
Change in Due to ACOMM, Net	8,304,533	7,920,100
Transfer from ACOMM	2,000,000	-
Net Cash Provided by Financing Activities	7,639,921	6,664,819
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	2,637,191	(6,073,241)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,771,789	10,845,030
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 7,408,980</u>	<u>\$ 4,771,789</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	<u>\$ 885,222</u>	<u>\$ 796,176</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
ROU Asset Received in Exchange for Finance Leases	<u>\$ 197,282</u>	<u>\$ -</u>
ROU Asset Received in Exchange for Operating Leases	<u>\$ 24,026</u>	<u>\$ 1,700,140</u>

See accompanying Notes to Consolidated Financial Statements.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

**Albright Care Services**

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

**Warrior Run Manor, Inc.**

Warrior Run Manor Inc. (Warrior Run) is a nonprofit corporation that operates a 76-unit rental housing project for the elderly located in Watsontown, Pennsylvania (the Project). The Project is operated under Section 202 and 207 pursuant to Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. Under this program, the Project was provided with a HUD-insured loan to refinance the Project's existing indebtedness. The Project is also subject to Section 8 Housing Assistance Payments agreements with HUD, and a significant portion of the Project's rental income is received from HUD. The housing assistance payments recognized under this contract during the years ended December 31, 2022 and 2021 were \$525,126 and \$529,867, respectively. The Project's major programs are its Section 207 pursuant to Section 223(f) insured loan and its Section 8 rent subsidy.

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

**Asbury Affiliation**

On January 1, 2020, Albright and Warrior Run became affiliates of Asbury Communities, Inc. (ACOMM), by ACOMM serving as the supporting organization for Albright and Warrior Run. ACOMM was organized on August 1, 1994, as a Maryland nonprofit organization to provide executive and comprehensive administrative functions, as well as policy and overall planning guidance, to its supported organizations. A management services agreement was signed between the two under which ACOMM agrees to provide services to create efficiencies and a level of resources that might not be obtained otherwise. Albright maintains its ability to maintain licensures, make changes to scope of services, and expend funds. Day-to-day operations are still the responsibility of Albright. The initial term of the management services agreement commenced January 1, 2020 and terminated December 31, 2020. If notice of intent to terminate is not given by either party no less than sixty days prior to December 31, the agreement automatically renews for another 12 months and may be renewed for up to four more successive one-year periods. As notice of intent to terminate had not been given by either party no less than sixty days prior to December 31, 2022, the agreement automatically renewed for another 12 months through December 31, 2023.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Asbury Affiliation (Continued)**

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

ACOMM serves as the supporting organization of Asbury Atlantic, Inc. (Asbury Atlantic); Asbury, Inc. (Asbury Place) and Affiliate; Asbury Communities HCBS, Inc. (HCBS); and Albright Care Services (Albright) and Affiliate (Warrior Run). Asbury Atlantic has operating affiliates comprised of Asbury Methodist Village (AMV), Asbury Solomons (AS), Bethany Village (BV), and Springhill (SH). ACOMM is the sole voting stockholder of The Asbury Group, Inc. (TAG). Additionally, ACOMM is the sole member of Asbury Foundation, Inc. (AFOUND).

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

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

**Use of Estimates**

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

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

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Cash, Cash Equivalents, and Restricted Cash (Continued)**

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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 4,804,117	\$ 2,001,660
Statutory Reserves	1,920,208	2,171,300
Other Receivables and Prepaids:		
Restricted Mortgage Escrows	35,011	43,051
Investments Held Under Bond Indenture:		
Replacement Reserve	253,855	220,519
Residual Receipts	395,789	335,259
Total	<u>\$ 7,408,980</u>	<u>\$ 4,771,789</u>

**Accounts Receivable**

The Organization's policy is to write off all resident 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.

Under Medicare and Medicaid reimbursement and other third-party agreements, amounts collected for services to patients under these agreements are computed at contractually agreed-upon rates. Accounts receivable have been adjusted to reflect the difference between charges and the reimbursable amounts under these third-party contracts. Revenues from Medicare and Medicaid programs and other third-party agreements accounted for approximately 61% and 67% of total resident and client services revenues for the years ended December 31, 2022 and 2021, respectively.

**Inventories**

Inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis. Net realizable value is the value of an asset that can be realized upon the sale of the asset, less a reasonable estimate of the costs associated with either the eventual sale or the disposal of the asset in question. Inventories of \$1,067,685 and \$509,474 are included in other receivables and prepaid expenses on the consolidated balance sheets at December 31, 2022 and 2021, respectively.

**Investments and Investment Income**

Investments are comprised of equity securities or equity mutual funds, bonds or bond mutual funds, alternative investments, and cash. The equity securities and the related unrealized gains or losses are recorded above income from operations. The fixed income securities and other types of investments and their related unrealized gains or losses are recorded below income from operations. The investments are managed by an investment advisor.



**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Investments and Investment Income (Continued)**

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

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

The portion of investments that is available to fund current operating activities is included in current assets in the accompanying 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 from operations. Investment income or loss is included in income from operations unless restricted by donor or law. Unrealized gains and losses on fixed income securities and other investments with readily determinable market values are excluded from income from operations unless the losses are deemed to be other-than-temporary.

The Organization 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 Organization 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 assets.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Investments and Investment Income (Continued)**

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

**Derivatives Policy**

The Organization 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 Organization has determined that, for continuing operations, the Organization'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 Organization's performance indicator, income (loss) from operations.

**Investments Restricted by the Board**

Investments restricted by the board include assets designated by the Organization's Board of Trustees for future capital improvements and benevolent care. The board retains control of these assets and may, at its discretion, subsequently use them for other board-designated purposes.

**Leases**

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Leases (Continued)**

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization'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 Organization 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 Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**Property and Equipment**

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the date of the gift. Improvements that materially extend the useful lives of the assets are capitalized. General repairs and maintenance costs are expensed as incurred. The Organization 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 amortization of deferred financing costs during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

The Organization 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. Advertising expense was \$88,882 and \$90,602 for the years ended December 31, 2022 and 2021, respectively.

**Deposits from Prospective Residents**

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Donated Collections**

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

**Funds Held In Trust**

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

**Obligations Under Deferred-Giving Arrangements**

Under the charitable gift annuity agreements, the Organization 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 Organization to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as net assets without donor restrictions or net assets with donor restrictions. Subsequent changes in the split-interest obligations are recorded as a change in value of split-interest agreements in the net assets without donor restrictions and net assets with donor restrictions.

**Beneficial Interest in Net Assets of Foundation**

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

**Continuing Care Contracts**

The Organization 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.

The Organization periodically reviews the present value of the net cost of future services and use of facilities to be provided to current residents under continuing care contracts and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Continuing Care Contracts (Continued)**

As a result of this calculation, the present value of the net cost of future services and use of facilities did not exceed deferred revenue from resident entrance fees; accordingly, no obligation was recorded for the years ended December 31, 2022 and 2021.

**Resident and Client Services Revenue**

Resident and client services revenue is reported at the amount that reflects the consideration to which the Organization 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 Organization 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 Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Organization 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 Organization 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 Organization does not believe it is required to provide additional goods or services related to that sale.

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Resident and Client Services Revenue (Continued)**

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

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

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

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

	2022	2021
Entrance Fees - Refundable	\$ 791,038	\$ 779,190
Contingent Refundable Entrance Fees	4,808,085	5,031,540
Entrance Fees - Deferred Revenue:		
50% to 100% Refundable Contracts	1,271,256	1,259,866
Standard Entrance Fee Option Contracts:		
Five Year Contracts	17,201,627	16,311,006
Seven Year Contracts	2,281,119	2,953,890
Ten Year Contracts	1,310	6,507
Nonrefundable Contracts	31,738	38,972
Total Entrance Fees - Deferred Revenue	<u>20,787,050</u>	<u>20,570,241</u>
Total Entrance Fees	<u>\$ 26,386,173</u>	<u>\$ 26,380,971</u>

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Resident and Client Services Revenue (Continued)**

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

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

A composition of resident and client services revenue by primary payor for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Medicaid	\$ 15,221,931	\$ 16,193,326
Medicare	16,125,377	15,446,209
Managed Care	516,778	1,794,798
Private Pay	20,142,684	16,116,556
Total Resident Services Revenue	<u>\$ 52,006,770</u>	<u>\$ 49,550,889</u>

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

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

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Resident and Client Services Revenue (Continued)**

	2021					
	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Other	Total
Service Lines:						
Skilled Nursing Facility	\$ 11,721,814	\$ 7,469,007	\$ -	\$ -	\$ -	\$ 19,190,821
Assisted Living	1,695,347	2,176,746	-	-	-	3,872,093
Independent Living	2,082,974	2,499,295	-	-	-	4,582,269
Home Health	-	-	-	-	54,398	54,398
Life Program	-	-	19,623,643	-	-	19,623,643
Pharmacy	-	-	-	2,044,885	-	2,044,885
Retail Sales	42,271	47,317	-	-	93,192	182,780
Total	<u>\$ 15,542,406</u>	<u>\$ 12,192,365</u>	<u>\$ 19,623,643</u>	<u>\$ 2,044,885</u>	<u>\$ 147,590</u>	<u>\$ 49,550,889</u>
Method of Reimbursement:						
Fee for Services	\$ 15,500,135	\$ 12,145,048	\$ 19,623,643	\$ 2,044,885	\$ 54,398	\$ 49,368,109
Retail Sales	42,271	47,317	-	-	93,192	182,780
Total	<u>\$ 15,542,406</u>	<u>\$ 12,192,365</u>	<u>\$ 19,623,643</u>	<u>\$ 2,044,885</u>	<u>\$ 147,590</u>	<u>\$ 49,550,889</u>
Timing of Revenue and Recognition:						
Health Care Services Transferred						
Over Time	\$ 15,500,135	\$ 12,145,048	\$ 19,623,643	\$ 2,044,885	\$ 54,398	\$ 49,368,109
Sales at Point in Time	42,271	47,317	-	-	93,192	182,780
Total	<u>\$ 15,542,406</u>	<u>\$ 12,192,365</u>	<u>\$ 19,623,643</u>	<u>\$ 2,044,885</u>	<u>\$ 147,590</u>	<u>\$ 49,550,889</u>

**Contract Costs**

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

**Charity Care**

The Organization's policy is to track those expenses for residents in its facilities who cannot pay for all or a portion of their care and to define these expenses as charity care. Because the Organization 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 \$798,571 and \$387,389, respectively.



**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**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		2021	
	Normandie Ridge	Riverwoods	Normandie Ridge	Riverwoods
Total Skilled Nursing Center Occupancy	89%	65%	87%	69%
Medicaid	44%	63%	46%	59%
Medicare	25%	16%	28%	17%
Private Pay and Other	31%	21%	26%	24%

**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 Organization, 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 Organization continues to take appropriate actions to mitigate the negative impact of this pandemic.

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 Organization for the years ended December 31, 2022 and 2021 was \$3,090,941 and \$2,209,373, 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 Organization recognized \$3,470,900 and \$1,829,414, respectively, as other operating revenue in the consolidated statements of operations. At December 31, 2022 and 2021, the Organization recognized \$-0- and \$379,959, respectively, as deferred revenue in the consolidated balance sheets. The Organization believes the amounts have been recognized appropriately as of December 31, 2022 and 2021.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Contributions**

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

**Net Assets and Endowment Funds**

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

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

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

**Income (Loss) from Operations**

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Tax Status**

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

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

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

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization 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 Organization 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 Organization primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization is able to classify fair value balances based on the observability of those inputs.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Fair Value Measurements (Continued)**

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

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization 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 Organization 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 Organization 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 Organization has determined that there would be no impact to the accompanying consolidated financial statements as a result of the application of this standard.

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Fair Value Measurements (Continued)**

The Organization 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 Organization 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.

**Reclassifications**

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

**Subsequent Events**

In preparing these consolidated financial statements, the Organization evaluated events that occurred through April 20, 2023, the date the consolidated financial statements were issued, for potential recognition or disclosure.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

As of December 31, 2022 and 2021, the Organization has working capital (deficit) of \$13,925,068 and \$12,221,778, respectively. The Organization has \$2,500,000 available under its line of credit (Note 10).

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 4,804,117	\$ 2,001,660
Investments	11,813,689	14,632,735
Accounts Receivable, Net	2,980,540	3,381,481
Other Receivables	2,252,353	1,829,266
Investments Held Under Bond Indenture	649,644	555,778
Total	<u>\$ 22,500,343</u>	<u>\$ 22,400,920</u>

The Organization has certain investments which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Organization has other assets limited to use such as statutory liquid reserves. These assets limited to use, which are more fully described in Note 6 are not available for general expenditure within the next year and are not reflected in the amounts above.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Medicare Reimbursement**

The Balanced Budget Act of 1997 modified how payment is made for Medicare skilled nursing facility (SNF) services. SNFs 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 SNF covered 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 Medicaid programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

**Medicaid Reimbursement**

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Medicare and Medicaid (Continued)**

**Medicaid Reimbursement (Continued)**

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 Organization has utilized actual rates in the preparation of the consolidated financial statements. The capital component is based upon the facilities' fair rental value. Typically, the daily rate paid to the nursing facility is considered payment in full with no end-of-year settlements.

**Other**

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization'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.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and client services revenue in the period of the change.

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 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.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Pennsylvania Department of Insurance Reserve Requirements**

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

The statutory minimum liquid reserve requirement as of December 31, 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 amortization. The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 for Normandie Ridge 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	<u>1,019,566</u>	<u>1,094,267</u>
Projected Annual Operating Expenses	15,232,150	14,436,878
Minimum Rate	10%	10%
Liquid Reserve Requirement	<u>1,523,215</u>	<u>1,443,688</u>
Maximum Liquid Reserve Requirement	1,523,215	1,443,688
Approximate Percentage of Continuing Care Clients	<u>63%</u>	<u>72%</u>
Statutory Minimum Liquid Reserve	<u><u>\$ 960,996</u></u>	<u><u>\$ 1,040,321</u></u>



**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 REGULATORY ENVIRONMENT (CONTINUED)**

**Pennsylvania Department of Insurance Reserve Requirements**

Riverwoods must adhere to the same reserve requirements. The statutory minimum liquid reserve requirement as of December 31, 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 amortization. The statutory minimum liquid reserve requirement as of December 31, 2022 and 2021 for Riverwoods is as follows:

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

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

**NOTE 5 CONCENTRATIONS OF CREDIT RISK**

The Organization grants credit without collateral to its residents, some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Private Pay	29 %	42 %
Medicaid	24	22
Medicare	17	30
Other (Primarily Managed Care and Insurance)	<u>30</u>	<u>6</u>
Total	<u><u>100 %</u></u>	<u><u>100 %</u></u>

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 INVESTMENTS**

The investment portfolios, including assets whose use is limited and investments restricted by the board at fair value, consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Investments:		
Cash and Short-Term Investments	\$ 166,797	\$ 1,279,034
Fixed Income Mutual Funds	4,747,035	4,489,949
Equity Mutual Funds	4,601,908	8,139,752
Alternative Investments	2,297,949	724,000
Total Investments	<u>\$ 11,813,689</u>	<u>\$ 14,632,735</u>
Investments Restricted by Donors:		
Cash and Short-Term Investments	\$ 127,808	\$ 249,949
Fixed Income Mutual Funds	1,327,439	1,785,391
Equity Mutual Funds	3,191,196	3,429,283
Other	-	41,107
Total Investments Restricted by Donors	<u>\$ 4,646,443</u>	<u>\$ 5,505,730</u>
Statutory Reserves:		
Cash and Short-Term Investments	<u>\$ 1,920,208</u>	<u>\$ 2,171,300</u>
Investments Held under Bond Indenture:		
Cash and Short-Term Investments	<u>\$ 649,644</u>	<u>\$ 555,778</u>
Investments Restricted by Board:		
Cash and Short-Term Investments	<u>\$ -</u>	<u>\$ 36,789</u>

The total return on investments without donor restrictions, along with investments classified as assets whose use is limited and investments restricted by the board, including the change in the market value of derivative instruments, generated net investment income, excluding capitalized interest income, is as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Included within the Performance Indicator:		
Interest and Dividend Income, Net	\$ 347,266	\$ 263,287
Net Realized Gain (Loss) on Investments	(1,689,099)	3,166,979
Net Unrealized Loss on Equity Security Investments	(2,079,869)	-
Unrealized Gain on Derivative Financial Instruments	899,143	483,048
Total	<u>(2,522,559)</u>	<u>3,913,314</u>
Included in Other Changes in Net Assets:		
Net Unrealized Loss on Fixed Income Securities and Other Investments	<u>(764,527)</u>	<u>(867,953)</u>
Total	<u>\$ (3,287,086)</u>	<u>\$ 3,045,361</u>

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 INVESTMENTS (CONTINUED)**

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

The Organization engages professionals to manage its investment portfolio within guidelines of ACOMM'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 Organization did not identify any other than temporary declines in the fair value of investments.

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

AFOUND was established to solicit, receive, hold, invest, and reinvest donations and bequests, which are made primarily for the benefit of AMV, AS, BV, SH, Asbury Place, Albright, and HCBS. The Organization records an interest in the net assets of AFOUND resulting from contributions without and with donor restrictions that are solicited and held by AFOUND to be used for the benefit of the Organization. The Organization's beneficial interest in the net assets of AFOUND was \$1,637,989 and \$661,179 as of December 31, 2022 and 2021, respectively.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

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

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 119,358	\$ 79,364
Pledges Receivable, Net	807,667	650,359
Prepaid Expenses and Other Assets	<u>76,143</u>	<u>38,485</u>
Total Current Assets	1,003,168	768,208
Property and Equipment, Net	122,815	5,329
Investments Restricted by Donor	37,884,356	43,076,657
Pledge Receivable, Net	6,614,828	7,158,088
Long-Term Investments	1,200,000	-
Funds Held in Trust	<u>2,871,521</u>	<u>1,939,854</u>
Total Assets	<u>\$ 49,696,688</u>	<u>\$ 52,948,136</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 175,763	\$ 8,700
Due to ACOMM, Net	10,627,594	18,653,269
Obligations under Charitable Gift Annuities	<u>3,748,909</u>	<u>3,431,631</u>
Total Liabilities	14,552,266	22,093,600
<b>NET ASSETS</b>		
With Donor Restrictions	<u>35,144,422</u>	<u>30,854,536</u>
Total Net Assets	<u>35,144,422</u>	<u>30,854,536</u>
Total Liabilities and Net Assets	<u>\$ 49,696,688</u>	<u>\$ 52,948,136</u>

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

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 8 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2022 and 2021:

	Useful Life	2022	2021
Land and Improvements	10 to 40 Years	\$ 7,613,909	\$ 7,484,305
Buildings and Improvements	10 to 40 Years	101,037,620	98,111,630
Furniture and Equipment	2 to 15 Years	15,491,091	13,413,883
Construction in Progress		757,580	1,183,137
Total		124,900,200	120,192,955
Less: Accumulated Depreciation		(68,753,251)	(63,884,418)
Property and Equipment, Net		\$ 56,146,949	\$ 56,308,537

Depreciation expense on property and equipment was \$4,996,432 and \$4,335,148 for the years ended December 31, 2022 and 2021.

**NOTE 9 RELATED PARTY TRANSACTIONS**

**Due to ACOMM**

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

- **Deferred Management Fees** – From time to time, management fees may be deferred by ACOMM to its affiliates in order to meet bond covenant requirements. These fees can be recouped by ACOMM in subsequent periods when financial performance warrants reducing or eliminating the deferral. The cumulative effect of these deferrals will be included in the affiliate intercompany account. For the years ended December 31, 2022 and 2021, respectively, there were \$4,341,666 and \$-0- management fees deferred in order to maintain bond covenant compliance.

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

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

Beginning in 2021, ACOMM is the conduit for all intercompany transactions; accordingly, due to and due from accounts from the affiliate point of view will always be either due to or due from ACOMM.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Service Fees**

The Organization received administrative services from ACOMM under a service agreement at a cost of \$1,703,973 and \$3,924,219 in 2022 and 2021, respectively. Included in the administrative services is an information technology fee. Service fees are charged on a pro rata basis to all the affiliates based upon total revenue. The payment of service fees to ACOMM is subordinate to all obligations of the Organization under all of the Organization's secured loan agreements.

**Pharmacy Services**

In 2021, the Organization entered into a services agreement with Asbury Atlantic to provide pharmacy services for the benefit of the residents at the BV and SH campuses. The Organization submits monthly invoices to Asbury Atlantic for all products and services provided under this agreement on behalf of BV and SH residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to BV and SH for the years ended December 31, 2022 and 2021 was \$344,320 and \$187,574, respectively.

In 2022, the Organization entered into a services agreement with Asbury Atlantic to provide pharmacy services for the benefit of the residents at the AMV and AS campuses. The Organization submits monthly invoices to Asbury Atlantic for all products and services provided under this agreement on behalf of AMV and AS residents. The term of this agreement will continue on an annual basis until termination by either party. The total cost of pharmacy services provided to AMV and AS for the year ended December 31, 2022 was \$653,240.

**NOTE 10 LINE OF CREDIT**

The Organization 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 the Organization's participation in the LIFE program. (Note 15).

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 11 LONG-TERM DEBT**

Long-term debt as of December 31, 2022 and 2021 consists of the following:

	Interest Rate	Maturity Dates	2022	2021
<u>Master Notes Payable:</u>				
PA Series 2014 Master Note	Variable Rate	2014-2040	\$ 8,161,015	\$ 8,458,286
PA Series 2018 Master Note	Variable Rate	2018-2035	11,603,000	12,710,000
Total			19,764,015	21,168,286
Unamortized Deferred Financing Costs			(278,093)	(327,016)
Current Master Note			(1,464,017)	(1,404,266)
Total Master Notes Payable			18,021,905	19,437,004
<u>Other Long-Term Debt:</u>				
Mortgage Note			3,174,329	3,247,882
Total			3,174,329	3,247,882
Current Portion Other Long-Term Debt			(76,323)	(73,555)
Total Other Long-Term Debt			3,098,006	3,174,327
Total Long-Term Debt			<u>\$ 21,119,911</u>	<u>\$ 22,611,331</u>

**Series A 2018 Master Note**

During the year ended December 31, 2018, the Organization 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, the Organization 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, the Organization 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 (Note 12).

**Series A 2014 Master Note**

During the year ended December 31, 2014, the Organization 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 the Organization. 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%. The Organization entered into an interest rate swap agreement which fixed the interest rate at 4.15% (Note 12).

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Mortgage Note**

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

**Paycheck Protection Program**

During the year ended December 31, 2020, the Organization received proceeds in the amount of \$4,138,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). During the year ended December 31, 2021, the PPP loan was forgiven in full and the Organization recognized \$4,138,000 as other operating revenue in the statements of operations and changes in net assets.

**Affiliation Loan**

As part of the affiliation with ACOMM, ACOMM made a commitment to make \$2,000,000 available per year to the Organization in support of mutually agreed upon projects which may include new construction, renovation, business line expansion and service enhancement over a five-year period. For both the years ended December 31, 2022 and 2021, \$2,000,000 was treated as a transfer of capital on the consolidated statements of changes in net assets. If the affiliation agreement was terminated, the Organization was required to pay 100% of the amount borrowed plus interest calculated at the average annual LIBOR for the prior 12 months within 45 days of termination notice.

**Deferred Financing Costs**

Costs incurred in relation to the issuance of long-term debt are deferred and amortized over the life of the debt using the straight-line method, which does not differ significantly from the effective interest method of amortization. The amortization of deferred financing costs is included in interest expense and totaled \$48,923 for both the years ended December 31, 2022 and 2021. Deferred financing fees have been netted against long-term debt in accordance with authoritative guidance.



**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Liens and Covenants**

Master Notes were collateralized by a pledge of and security interest in the Organization'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 Organization. The first lien mortgages shall each be shared in priority and of equal parity with liens in place in favor of the Trustee for bondholders under the indenture. The Mortgage Note is collateralized by property and equipment.

The Organization is subject to various covenants under the loan agreements. As of December 31, 2022 and 2021, management is not aware of any noncompliance with these covenants.

**Debt Maturities**

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,540,340
2024	1,608,584
2025	1,569,321
2026	1,480,877
2027	1,270,169
Thereafter	15,469,053
Total	<u>\$ 22,938,344</u>

**NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS**

As of December 31, 2022 and 2021, the Organization has two interest rate swap agreements which are considered derivative financial instruments with a financial institution. The Organization 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.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are contracts to exchange variable rate for fixed rate payments over the term of the swap agreements without the exchange of the underlying notional amounts. The notional amounts of the swap agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable, if any, which may be generated as a result of the swap agreements. Management believes losses related to credit risk are remote. The net cash paid or received under the swap agreements are recognized as adjustments to interest expense. The Organization does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

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

	Series 2014	Series 2018	Total
Notional Amount - December 31, 2022	\$ 8,161,015	\$ 1,593,000	
Trade Date	12/18/2014	10/4/2018	
Effective Date	12/15/2015	10/4/2018	
Termination or Cancellation Date	12/15/2040	10/4/2025	
Fixed Rate	4.150%	4.235%	
Fair Value at December 31, 2020	(837,173)	(170,542)	\$ (1,007,715)
Unrealized Gain	400,355	82,693	483,048
Fair Value at December 31, 2021	(436,818)	(87,849)	(524,667)
Unrealized Gain	784,977	114,166	899,143
Fair Value at December 31, 2022	<u>\$ 348,159</u>	<u>\$ 26,317</u>	<u>\$ 374,476</u>

The Organization has included the fair market value of these derivative instruments as an asset (liability) of \$374,476 and \$(524,667) as of December 31, 2022 and 2021, respectively, in the accompanying consolidated balance sheets. Within income from operations, The Organization recorded a net unrealized gain on derivative instruments of \$899,143 and \$483,048 in 2022 and 2021, respectively.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2022 and 2021 are subject to the following purpose or time restrictions:

	<u>2022</u>	<u>2021</u>
Restricted for the Following Purposes:		
Split-Interest Obligations	\$ 122,478	\$ 168,988
Funds Available for Building Construction, Income		
Unrestricted	14,143	17,103
Beneficial Interest in Net Assets of		
Asbury Foundation, Inc.	247,130	134,717
Other Specific Purposes	2,121,304	2,273,992
Investments to be Held in Perpetuity:		
Income which is Unrestricted	3,440,049	3,492,845
Income which is Expendable for Benevolent Care	1,086,651	1,314,070
Moyer Endowment	635,629	768,656
Slifer House Museum Collection of Art	528,135	528,135
Audrey Rehm Magee Endowment	199,509	241,264
Stauffer Endowment	82,735	100,050
Split-Interest Obligations	118,112	143,184
Beneficial Interest in Net Assets of		
Asbury Foundation, Inc.	1,390,859	526,462
Total Net Assets With Donor Restrictions	<u>\$ 9,986,734</u>	<u>\$ 9,709,466</u>

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

A summary of the net assets with donor restrictions that are to be held in perpetuity for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Endowment Fund - Beginning of Year	\$ 7,114,663	\$ 6,554,270
Contributions	-	32,230
Net Investment Income	(504,348)	6,123
Change in Value of Deferred-Giving Arrangement	6,964	(4,422)
Change in Beneficial Interest in Net Assets of		
Asbury Foundation, Inc.	864,399	526,462
Endowment Fund - End of Year	<u>\$ 7,481,678</u>	<u>\$ 7,114,663</u>

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 14 RETIREMENT PLAN**

Effective January 1, 2022, the Organization began participating in ACOMM's 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. Employer's contribution expense under this Plan were \$549,009 for the year ended December 31, 2022.

Previously, the Organization sponsored a defined contribution retirement plan. Basic and matching contributions were at the discretion of the employer. Employer's contribution expense under this plan were \$199,738 for the year ended December 31, 2021.

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

**General and Professional Liability Insurance**

Effective October 2022, the Organization is covered under ACOMM's general and professional liability insurance policy (GL/PL), which is claims-made based. The GL/PL coverage has a limit of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. ACOMM and its affiliates also have 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. Any losses for general and professional liability not currently covered by insurance in force are not expected to be material to the consolidated financial statements.

Previously, the Organization's professional liability insurance provided for coverage of \$1,000,000 per occurrence with an aggregate limit of \$6,000,000. In addition, the Organization had an umbrella excess liability policy which provided for coverage of \$5,000,000 per occurrence and in the aggregate.

**Health Insurance**

ACOMM and its affiliates have a self-funding arrangement for health insurance coverage. ACOMM and affiliates have stop-loss coverage for any claim exceeding \$200,000 per participant with unlimited reimbursement after a \$50,000 aggregate deductible (one time across all claimants).

**Legal Actions and Claims**

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

**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Lease Commitments**

The Organization 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 Organization's leases.

	<u>2022</u>	<u>2021</u>
Lease cost:		
Finance lease cost:		
Amortization of right-of-use assets	\$ 29,445	\$ -
Interest on lease liabilities	1,838	-
Operating lease cost	<u>1,529,030</u>	<u>1,104,255</u>
 Total lease cost	 <u>\$ 1,560,313</u>	 <u>\$ 1,104,255</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 1,838	\$ -
Operating cash flows from operating leases	1,529,030	1,104,255
Financing cash flows from finance leases	52,121	-
Right-of-use assets obtained in exchange for new finance lease liabilities	197,282	-
Right-of-use assets obtained in exchange for new operating lease liabilities	24,026	1,700,140
Weighted-average remaining lease term - finance leases	3.26 years	-
Weighted-average remaining lease term - operating leases	6.71 years	7.42 years
Weighted-average discount rate - finance leases	2.00%	-
Weighted-average discount rate - operating leases	2.91%	2.87%

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

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2023	\$ 1,014,701	\$ 52,164
2024	809,298	52,164
2025	713,699	29,124
2026	695,096	16,206
2027	699,827	-
Thereafter	1,523,258	-
Total	<u>5,455,879</u>	<u>149,658</u>
Less: Interest Expense	<u>(512,013)</u>	<u>(4,497)</u>
Amounts Recognized in the Consolidated Balance Sheets	<u>\$ 4,943,866</u>	<u>\$ 145,161</u>

**ALBRIGHT CARE SERVICES AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 16 FUNCTIONAL EXPENSES**

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

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

	2021		
	Program Services	Supporting Services	
	Continuing Care Services	Management and General	Total
Salaries and Wages	\$ 19,499,238	\$ -	\$ 19,499,238
Employee Benefits	5,369,688	-	5,369,688
Contract Labor	6,455,896	-	6,455,896
Food Purchases	1,224,489	-	1,224,489
Medical Supplies and Other			
Resident Costs	15,076,361	-	15,076,361
General and Administrative	-	1,409,717	1,409,717
Building and Maintenance	6,075,699	-	6,075,699
Professional Fees and Insurance	639,355	-	639,355
Interest	843,610	-	843,610
Taxes	246,497	-	246,497
Provision for Bad Debts	557,116	-	557,116
Depreciation and Amortization	4,335,148	-	4,335,148
Management Fee and Other Fees	-	3,924,219	3,924,219
Overhead Allocation	-	(3,176)	(3,176)
Total Functional Expenses	<u>\$ 60,323,097</u>	<u>\$ 5,330,760</u>	<u>\$ 65,653,857</u>

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

**ALBRIGHT CARE SERVICES AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

Investments measured at fair value using net asset value per share include alternative investments. Alternative investments are those not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not readily available. The Organization 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 Organization 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.

**ALBRIGHT CARE SERVICES AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

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

Recurring Fair Value Measures	Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and Short-Term Investments	\$ 944,249	\$ -	\$ -	\$ 944,249
Fixed Income Mutual Funds	6,074,474	-	-	6,074,474
Equity Mutual Funds	7,793,104	-	-	7,793,104
Statutory Reserve/Cash	1,920,208	-	-	1,920,208
Derivative Instruments	-	374,476	-	374,476
Subtotal	16,732,035	374,476	-	17,106,511
Funds Held in Trust	-	-	3,872,269	3,872,269
Investments measured at Fair Value Using Net Asset Value Per Share				2,297,949
Total Assets	<u>\$ 16,732,035</u>	<u>\$ 374,476</u>	<u>\$ 3,872,269</u>	<u>\$ 23,276,729</u>
<b>Liabilities</b>				
Obligation Under Deferred-Giving Arrangements	\$ -	\$ 138,220	\$ -	\$ 138,220
Derivative Instruments	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 138,220</u>	<u>\$ -</u>	<u>\$ 138,220</u>

  

Recurring Fair Value Measures	Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and Short-Term Investments	\$ 2,121,550	\$ -	\$ -	\$ 2,121,550
Fixed Income Mutual Funds	6,275,340	-	-	6,275,340
Equity Mutual Funds	11,569,035	-	-	11,569,035
Statutory Reserve/Cash	2,171,300	-	-	2,171,300
Other	41,107	-	-	41,107
Subtotal	22,178,332	-	-	22,178,332
Funds Held in Trust	-	-	4,773,586	4,773,586
Investments measured at Fair Value Using Net Asset Value Per Share				724,000
Total Assets	<u>\$ 22,178,332</u>	<u>\$ -</u>	<u>\$ 4,773,586</u>	<u>\$ 27,675,918</u>
<b>Liabilities</b>				
Obligation Under Deferred-Giving Arrangements	\$ -	\$ 259,656	\$ -	\$ 259,656
Derivative Instruments	-	524,667	-	524,667
Total Liabilities	<u>\$ -</u>	<u>\$ 784,323</u>	<u>\$ -</u>	<u>\$ 784,323</u>



**ALBRIGHT CARE SERVICES AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

The Organization 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 Organization 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
Pomona Investment Fund	\$ 280,000	-	Quarterly	20 business days
ACL Alternative Fund	509,329	-	Daily	N/A
Ironwood Institutional Multi-Strategy Fund	297,202	-	Semi-Annually (June 30 and Dec 31)	95 calendar days
Partners Group	222,775	-	Quarterly	20 business days
Owl Rock Core Income Corp.	119,444	-	Quarterly	20 business days
FS Credit Real Estate Income Trust	122,500	-	Monthly	7 days prior to month-end
Blackstone Real Estate Income Trust, Inc.	377,334	-	Monthly	7 days prior to month-end
Nuveen Global Cities	279,743	-	Monthly	7 days prior to month-end
CPG Focused Access Fund	89,622	-	Quarterly	20 business days
Total	<u>\$ 2,297,949</u>			

\*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:

Instrument	2022		
	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest In Perpetual Trust	\$ 3,872,269	FMV of Trust Investments	Term of Distributions
Instrument	2021		
	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.

**ALBRIGHT CARE SERVICES AND AFFILIATE  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	ASSETS						
	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Fund Development	Total Albright Care Services	Warrior Run Manor, Inc.
							Eliminations
							Total
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 4,591,107	\$ 258,077	\$ 600	\$ 600	\$ -	\$ 4,950,384	\$ 72,850
Investments	-	-	-	-	11,813,689	11,813,689	-
Accounts Receivable	1,060,916	854,914	110,371	954,339	-	2,980,540	-
Other Receivables and Prepaid Expenses	408,718	355,683	439,246	1,034,226	-	2,235,873	35,011
Total Current Assets	6,158,741	1,468,674	550,217	1,989,165	11,813,689	21,980,486	107,861
Due from ACOMM, Net	-	10,317,053	-	4,930,586	-	15,247,639	(15,247,639)
Property and Equipment, Net	28,601,013	23,955,573	1,866,674	734,524	-	55,157,784	989,165
Right-Of-Use Assets - Operating Leases	100,209	52,270	4,472,020	33,223	-	4,747,812	-
Right-Of-Use Assets - Finance Leases	74,482	-	-	93,355	-	167,837	-
Investments Restricted By Donors	-	-	-	-	4,646,443	4,646,443	-
Investments Held Under Bond Indenture	-	-	-	-	-	-	649,644
Deposits and Other Assets	-	-	-	-	-	-	24,232
Statutory Reserves	287,296	6,342	71,791	-	3,794	369,223	-
Funds Held In Trust	-	-	-	-	1,920,208	1,920,208	-
Beneficial Interest In Net Assets of Foundation	127,320	1,461,409	-	-	3,872,269	3,872,269	-
Valuation of Derivative Instruments	238,691	135,785	-	-	49,260	1,637,989	-
Total Assets	\$ 35,677,842	\$ 37,397,106	\$ 6,960,702	\$ 7,780,853	\$ 22,305,663	\$ 110,122,166	\$ 1,770,702

**LIABILITIES AND NET ASSETS (DEFICIT)**

<b>CURRENT LIABILITIES</b>							
Accounts Payable and Accrued Expenses	\$ 475,912	\$ 235,194	\$ 129,140	\$ 27,895	\$ 6,715	\$ 874,856	\$ 47,141
Accrued Compensation and Related Items	238,680	-	-	-	-	238,680	-
Accrued Interest Payable	26,716	33,282	-	-	-	59,998	9,788
Obligation Under Deferred-Giving Arrangements	-	-	-	-	37,606	37,606	-
Deposits From Prospective Residents and Other Deposits	140,900	297,305	-	-	-	438,205	-
Entrance Fees - Refundable	583,377	207,681	-	-	-	791,038	-
Deferred Revenue	231,815	12,209	5,916	-	-	249,940	-
Reserve for LIFE Program	-	-	2,722,667	-	-	2,722,667	-
Current Portion of Lease Liabilities - Operating Leases	161,163	26,695	663,474	32,827	-	884,159	-
Current Portion of Lease Liabilities - Finance Leases	22,322	-	-	27,422	-	49,744	-
Current Maturities of Long-Term Debt	736,661	727,356	-	-	-	1,464,017	76,323
Total Current Liabilities	2,617,546	1,539,702	3,521,197	88,144	44,321	7,810,910	133,252
Due to ACOMM, Net	20,703,175	-	3,681,379	-	7,306,635	31,691,189	-
Long-Term Lease Liabilities - Operating Leases	29,136	25,575	4,004,601	395	-	4,059,707	-
Long-Term Lease Liabilities - Finance Leases	22,773	-	-	72,644	-	95,417	-
Long-Term Debt, Net of Current	8,784,103	9,316,972	-	-	-	18,101,075	3,018,836
Contingent Refundable Entrance Fee Liability	3,195,669	1,612,416	-	-	-	4,808,085	-
Entrance Fees - Deferred Revenue	9,407,447	11,375,603	-	-	-	20,787,050	-
Obligations Under Deferred-Giving Arrangements	-	-	-	-	100,614	100,614	-
Total Liabilities	44,759,849	23,874,288	11,207,177	161,183	7,451,570	87,454,047	3,152,088
<b>NET ASSETS (DEFICIT)</b>							
Without Donor Restrictions	(9,737,462)	12,061,429	(4,246,475)	7,619,670	6,984,223	12,681,385	(1,381,386)
With Donor Restrictions	655,455	1,461,409	-	-	7,869,870	9,986,734	-
Total Net Assets (Deficit)	(9,082,007)	13,522,838	(4,246,475)	7,619,670	14,854,093	22,668,119	(1,381,386)
Total Liabilities and Net Assets (Deficit)	\$ 35,677,842	\$ 37,397,106	\$ 6,960,702	\$ 7,780,853	\$ 22,305,663	\$ 110,122,166	\$ 1,770,702

**ALBRIGHT CARE SERVICES AND AFFILIATE  
CONSOLIDATING STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions						
	Riverwoods	Normandie Ridge	LIFE Program	Pharmacy	Fund Development	Total Albright Care Services	Warrior Run Manor, Inc.
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>							
Resident and Client Services Revenue	\$ 15,755,452	\$ 12,404,938	\$ 18,496,504	\$ 8,832,111	\$ (137,111)	\$ 55,351,894	\$ -
Other Operating Revenue	3,094,110	855,997	389,560	15,488	-	4,355,155	727,101
Amortization of Entrance Fees	1,837,242	1,570,505	-	-	-	3,407,747	-
Interest and Dividend Income, Net	2,378	11,872	2,436	2,349	328,170	347,205	61
Net Realized Losses on Investments	(1,092)	-	-	-	(1,688,007)	(1,689,099)	-
Net Unrealized Loss on Equity Security Investments	-	-	-	-	(2,079,869)	(2,079,869)	-
Allocations from Ashbury Foundation, Inc.	850,479	145,389	-	-	3,872	999,740	-
Total Revenues, Gains, and Other Support	21,538,569	14,988,701	18,888,500	8,849,948	(3,572,945)	60,692,773	727,162
<b>EXPENSES</b>						(3,540,596)	57,879,339
Salaries	8,376,197	5,922,496	5,123,597	1,596,997	-	21,019,287	133,809
Employee Benefits	1,943,819	1,407,540	1,125,128	220,474	-	4,696,961	22,063
Contract Labor	4,405,687	2,100,113	83,941	31,264	-	6,621,005	-
Food Purchases	650,512	623,729	40,537	-	-	1,314,778	-
Medical Supplies and Other Resident Costs	1,622,748	966,865	10,709,689	5,545,530	-	18,834,812	-
General and Administrative	479,847	229,415	589,536	140,893	202	1,439,893	85,896
Building and Maintenance	2,320,626	1,776,045	1,999,439	240,928	-	6,337,038	163,376
Professional Fees and Property Insurance	205,108	147,067	211,957	53,634	-	617,766	33,226
Interest	418,153	390,071	4,612	1,566	3,425	817,827	136,091
Taxes	108,571	85,059	53,235	-	-	246,865	-
Provision for (Recovery of) Bad Debts	(6,592)	(64,168)	32,237	50,827	-	12,304	-
Depreciation and Amortization	2,255,301	2,149,124	314,721	111,519	-	4,830,665	195,212
Management Fee and Other Fees	523,938	332,192	521,847	477,176	-	1,855,153	-
Total Expenses	23,303,915	16,055,548	20,810,456	8,470,808	3,627	68,644,354	769,673
<b>INCOME (LOSS) FROM OPERATIONS PRIOR TO UNREALIZED GAIN ON DERIVATIVE FINANCIAL INSTRUMENTS</b>	(1,765,346)	(1,066,847)	(1,921,956)	379,140	(3,576,572)	(7,951,581)	(42,511)
Unrealized Gain on Derivative Financial Instruments	554,611	344,532	-	-	-	899,143	-
<b>GAIN (LOSS) FROM OPERATIONS</b>	(1,210,735)	(722,315)	(1,921,956)	379,140	(3,576,572)	(7,052,438)	(42,511)
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>							
Change in Value of Deferred-Giving Arrangements	-	-	-	-	53,209	53,209	-
Net Unrealized Loss on Fixed Income Securities and Other Investments	-	-	-	-	(764,527)	(764,527)	-
Transfer of Capital	1,600,000	400,000	-	-	-	2,000,000	-
Equity Transfer	(10,321,895)	(3,127,508)	(599,928)	2,933,058	11,165,202	48,929	-
Net Assets Released from Restrictions Used for Purchase of Capital Items	-	-	40,000	-	-	40,000	-
Total Other Changes in Net Assets Without Donor Restrictions	(8,721,895)	(2,727,508)	(559,928)	2,933,058	10,453,884	1,377,611	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (9,932,630)	\$ (3,449,823)	\$ (2,481,884)	\$ 3,312,198	\$ 6,877,312	\$ (5,674,827)	\$ (42,511)
							\$ (5,717,338)

**Albright Care Services, Inc.**  
**Operating Statement**  
**Year Ending December 31, 2022**

	Riverwoods 2022	Normandie Ridge 2022	ACS Other 2022	Warrior Run Manor 2022	Eliminations 2022
<b>Revenue, gains and other support</b>					
Resident service revenue	\$ 22,997,090	\$ 15,558,832	\$ 27,329,053	\$ -	\$ (3,345,124)
Contractual adjustments	\$ (7,042,499)	\$ (2,691,573)	\$ (438)	\$ -	\$ -
Benevolent care	\$ (199,139)	\$ (462,321)	\$ (137,111)	\$ -	\$ -
Other operating revenue	\$ 3,094,110	\$ 855,997	\$ 405,048	\$ 727,101	\$ (195,472)
Net resident service revenue	\$ 18,849,562	\$ 13,260,935	\$ 27,596,552	\$ 727,101	\$ (3,540,596)
Amortization of entrance fees	\$ 1,837,242	\$ 1,570,505		\$ -	\$ -
Interest and dividend revenue	\$ 2,378	\$ 11,872	\$ 332,955	\$ 61	\$ -
Realized gains (losses)	\$ (1,092)	\$ -	\$ (1,688,007)	\$ -	\$ -
Unrealized gains (losses) on equity security investments	\$ -	\$ -	\$ (2,079,869)	\$ -	\$ -
Net investment revenue	\$ 1,286	\$ 11,872	\$ (3,434,921)	\$ 61	\$ -
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Foundation allocations/contributions	\$ 850,479	\$ 145,389	\$ 3,872	\$ -	\$ -
<b>Total revenue, gains and other support</b>	<b>\$ 21,538,569</b>	<b>\$ 14,988,701</b>	<b>\$ 24,165,503</b>	<b>\$ 727,162</b>	<b>\$ (3,540,596)</b>
<b>Expenses</b>					
Salaries	\$ 8,376,197	\$ 5,922,496	\$ 6,720,594	\$ 133,809	\$ (133,809)
Employee benefits	\$ 1,943,819	\$ 1,407,540	\$ 1,345,602	\$ 22,063	\$ (22,063)
Contract labor	\$ 4,405,687	\$ 2,100,113	\$ 115,205	\$ -	\$ -
Food purchases	\$ 650,512	\$ 623,729	\$ 40,537	\$ -	\$ -
Medical supplies and other resident costs	\$ 1,622,748	\$ 956,865	\$ 16,255,199	\$ -	\$ (3,345,124)
General and administrative	\$ 479,847	\$ 229,415	\$ 730,631	\$ 85,896	\$ (39,600)
Building and maintenance	\$ 2,320,626	\$ 1,776,045	\$ 2,240,367	\$ 163,376	\$ -
Insurance	\$ 205,108	\$ 147,067	\$ 265,591	\$ 33,226	\$ -
Interest	\$ 418,153	\$ 390,071	\$ 9,603	\$ 136,091	\$ -
Taxes	\$ 108,571	\$ 85,059	\$ 53,235	\$ -	\$ -
Provision for bad debt	\$ (6,592)	\$ (64,168)	\$ 83,064	\$ -	\$ -
Depreciation and amortization	\$ 2,255,301	\$ 2,149,124	\$ 426,240	\$ 195,212	\$ -
Management & IT fees/Interco. alloc.	\$ 523,938	\$ 332,192	\$ 999,023	\$ -	\$ -
<b>Total operating expenses</b>	<b>\$ 23,303,915</b>	<b>\$ 16,055,548</b>	<b>\$ 29,284,891</b>	<b>\$ 769,673</b>	<b>\$ (3,540,596)</b>
<b>Income (loss) from operations</b>	<b>\$ (1,765,346)</b>	<b>\$ (1,066,847)</b>	<b>\$ (5,119,388)</b>	<b>\$ (42,511)</b>	<b>\$ -</b>
<b><u>Nonoperating gains (losses)</u></b>					
Gain on Disposal of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Unrealized Gain/(Loss) on Derivatives	\$ 554,611	\$ 344,532	\$ -	\$ -	\$ -
Unrealized gains (losses) on fixed income securities and other investments	\$ -	\$ -	\$ (764,527)	\$ -	\$ -
<b>Total nonoperating gains (losses)</b>	<b>\$ 554,611</b>	<b>\$ 344,532</b>	<b>\$ (764,527)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Value of Deferred-Giving Arrangements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,209</b>	<b>\$ -</b>	<b>\$ -</b>
Transfer of capital - Asbury Parent	\$ 1,600,000	\$ 400,000	\$ -	\$ -	\$ -
Equity Transfer	\$ (10,321,895)	\$ (3,127,508)	\$ 13,498,332	\$ -	\$ -
Transfers of capital - Foundation	\$ -	\$ -	\$ 40,000	\$ -	\$ -
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ (9,932,630)</b>	<b>\$ (3,449,823)</b>	<b>\$ 7,707,626</b>	<b>\$ (42,511)</b>	<b>\$ -</b>

Riverwoods					
Statement of Material Differences of Actual vs. Budget					
Year Ending December 31, 2022					
	Audit <u>2022</u>	Budget <u>2022</u>	Dollar <u>Variance</u>	Percent <u>Variance</u>	<u>Note</u>
Revenue, gains and other support					
Resident service revenue	\$ 22,997,090	\$ 26,682,562	\$ (3,685,472)	-13.8%	1
Contractual adjustments	\$ (7,042,499)	\$ (8,280,648)	\$ 1,238,149	15.0%	1
Benevolent care	\$ (199,139)	\$ (189,959)	\$ (9,180)	-4.8%	
Other operating revenue	\$ 3,094,110	\$ 365,457	\$ 2,728,653	746.6%	2
Net resident service revenue	\$ 18,849,562	\$ 18,577,412	\$ 272,150		
Amortization of entrance fees	\$ 1,837,242	\$ 1,352,789	\$ 484,453	35.8%	3
Interest and dividend revenue	\$ 2,378	\$ -	\$ 2,378	100.0%	
Realized gains (losses)	\$ (1,092)	\$ -	\$ (1,092)		
Unrealized gains (losses) on equity security on investments	\$ -	\$ -	\$ -		
Net investment revenue	\$ 1,286	\$ -	\$ 1,286		
Contributions	\$ -	\$ -	\$ -		
Foundation allocations/contributions	\$ 850,479	\$ 137,016	\$ 713,463	100.0%	4
Total revenue, gains and other support	\$ 21,538,569	\$ 20,067,217	\$ 1,471,352		
Expenses					
Salaries	\$ 8,376,197	\$ 8,961,045	\$ 584,848	6.5%	5
Employee benefits	\$ 1,943,819	\$ 2,205,181	\$ 261,362	11.9%	6
Contract labor	\$ 4,405,687	\$ 2,475,373	\$ (1,930,314)	-78.0%	7
Food purchases	\$ 650,512	\$ 719,470	\$ 68,958	9.6%	
Medical supplies and other resident costs	\$ 1,622,748	\$ 1,349,657	\$ (273,091)	-20.2%	8
General and administrative	\$ 479,847	\$ 402,219	\$ (77,628)	-19.3%	9
Building and maintenance	\$ 2,320,626	\$ 2,331,904	\$ 11,278	0.5%	
Insurance	\$ 205,108	\$ 350,574	\$ 145,466	41.5%	10
Interest	\$ 418,153	\$ 359,199	\$ (58,954)	-16.4%	
Taxes	\$ 108,571	\$ 77,600	\$ (30,971)	-39.9%	
Provision for bad debt	\$ (6,592)	\$ 200,000	\$ 206,592	103.3%	11
Depreciation and amortization	\$ 2,255,301	\$ 2,295,653	\$ 40,352	1.8%	12
Management & IT fees/Interco. alloc.	\$ 523,938	\$ 2,036,626	\$ 1,512,688	74.3%	13
Total operating expenses	\$ 23,303,915	\$ 23,764,501	\$ 460,586		
Income (loss) from operations	\$ (1,765,346)	\$ (3,697,284)	\$ 1,931,938		
Nonoperating gains (losses)					
Gain on Disposal of Assets	\$ -	\$ -	\$ -		
Unrealized Gain/(Loss) on Derivatives	\$ 554,611	\$ -	\$ 554,611		
Unrealized gains (losses) on fixed income securities and other investments	\$ -	\$ -	\$ -		
Total nonoperating gains (losses)	\$ 554,611	\$ -	\$ 554,611		
Change in Value of Deferred-Giving Arrangements	\$ -	\$ -	\$ -		
Transfer of capital - Asbury Parent	\$ 1,600,000	\$ -	\$ 1,600,000		
Equity Transfer	\$ (10,321,895)	\$ -	\$ (10,321,895)		
Transfers of capital - Foundation	\$ -	\$ -	\$ -		
Increase (decrease) in unrestricted net assets	\$ (9,932,630)	\$ (3,697,284)	\$ (6,235,346)		

Riverwoods  
Narrative of material differences of actual vs. pro forma income statement  
Year Ending December 31, 2022

- 1 The unfavorable variance in resident service revenue combined with contractual adjustments is due to overall occupancy being lower than budgeted. As a result, Room & Board revenue is significantly under budget. This is compounded by Pharmacy revenue also being less than budgeted.
- 2 The favorable variance in other operating revenue is due to the CARES Act Provider Relief Funds (PRF) received.
- 3 The change in amortization income is affected at any given time by an increase in new residents offset by resident move-outs and deaths and is difficult to estimate.
- 4 The amount is an allocation from the Asbury Foundation, which includes contributions net of direct expenses. Contributions were significantly greater than allocated expenses.
- 5 The favorable variance in Salaries is due to the overall full time employee count being less than budgeted, particularly for nurses.
- 6 Employee benefits is favorable primarily due to health insurance claims being lower than anticipated.
- 7 The unfavorable variance in Contract Labor is due to the understaffing of nurses and therefore, increased agency costs were incurred to keep the Skilled Nursing Facility fully staffed.
- 8 The unfavorable variance is due to increased purchases of medical supplies and PPE to meet supply levels suggested by the State.
- 9 The unfavorable variance in general and administrative is due to significant recruitment costs being paid to hiring firms for NHA placements, combined with increased legal costs due to resident related matters. These are partially offset by decreased marketing costs.
- 10 The favorable variance in insurance is due to the new policies that went into effect during 2022. The budget was based on the 2021 policy rates, which were much higher than the 2022 actual rates.
- 11 The provision for bad debt is adjusted monthly in accordance with Asbury's bad debt allowance policy and is calculated based on the aging of accounts receivable.
- 12 Depreciation expense is impacted by the timing of new capital project completion and retirement of older items.
- 13 The favorable variance is driven by the 2022 management fee being deferred by the parent.

**Riverwoods**  
**Pro Forma Operating Statement**  
**Year ending December 31, 2023**

**Budget**  
**2023**

**Revenue, gains and other support**

Resident service revenue	\$ 22,660,126
Contractual adjustments	\$ (6,768,141)
Benevolent care	\$ (293,640)
Other operating revenue	<u>\$ 306,925</u>
Net resident service revenue	\$ 15,905,270
Amortization of entrance fees	\$ 1,887,386
Interest and dividend revenue	\$ 97
Realized gains (losses)	<u>\$ -</u>
Net investment revenue	\$ 97
Foundation allocation/contributions	<u>\$ 171,500</u>
 Total revenue, gains and other support	 \$ 17,964,253

**Expenses**

Salaries	\$ 8,950,493
Employee benefits	\$ 2,129,075
Contract labor	\$ 1,435,527
Food purchases	\$ 651,486
Medical supplies and other resident costs	\$ 1,108,636
General and administrative	\$ 336,916
Building and maintenance	\$ 2,593,913
Insurance	\$ 212,726
Interest	\$ 379,602
Taxes	\$ 101,935
Provision for uncollectible accounts	\$ 200,000
Depreciation and amortization	\$ 2,731,608
Management & IT fees/Interco. alloc.	<u>\$ 2,536,787</u>
 Total operating expenses	 <u>\$ 23,368,704</u>
 Income (loss) from operations	 \$ (5,404,451)
 Transfers of capital - Asbury Parent	 \$ 1,600,000
Transfers of capital - Foundation	<u>\$ 2,250,000</u>
 Increase (decrease) in unrestricted net assets	 <u>\$ (1,554,451)</u>

# Exhibit

## E

IRS Determination Letter





CliftonLarsonAllen LLP  
CLAAconnect.com

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

Dear Commissioner Humphreys:

We have audited, in accordance with U.S. generally accepted auditing standards, the consolidated financial statements of Albright Care Services and Subsidiary for the year ended December 31, 2022, and have issued our report thereon dated April 20, 2023. In connection therewith, we advise you as follows:

- a. We are independent certified public accountants with respect to Albright Care Services and Subsidiary and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Pennsylvania Board of Public Accountancy.
- b. The engagement principal, who is a certified public accountant, has 23 years of experience in public accounting and is experienced in auditing continuing care retirement communities. Members of the engagement team, some of whom have had experience in auditing continuing care retirement communities and 50% of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.
- c. We understand that Albright Care Services and Subsidiary intends to file the audited financial statements of Albright Care Services and Subsidiary and our report thereon with the Commonwealth of Pennsylvania Insurance Department (the Insurance Department) and that the Commonwealth of Pennsylvania Insurance Commissioner (the Insurance Commissioner) will be relying on that information in monitoring and regulating the financial condition of Albright Care Services and Subsidiary.

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

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

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

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

- d. We will retain the workpapers prepared in the conduct of our audit until the Insurance Department has filed a Report of Examination covering 2022, but no longer than seven years. After notification to the Albright Care Services and Subsidiary, we will make the workpapers available for review by the Insurance Department at the offices of Albright Care Services and Subsidiary, at our offices, at the Insurance Department or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit workpapers may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.
- e. The engagement principal has served in that capacity with respect to the Albright Care Services and Subsidiary for the year ended December 31, 2022 and is licensed by the Pennsylvania Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

- f. To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the NAIC's *Model Rule (Regulation) Requiring Annual Audited Financial Reports* regarding qualifications of independent certified public accountants.

This report is intended solely for the information and use of the board of directors and management of Albright Care Services and Subsidiary and the Insurance Department, and is not intended to be and should not be used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "Timothy Crouch".

Timothy J. Crouch, CPA

King of Prussia, Pennsylvania  
April 20, 2023