

Presbyterian Homes Obligated Group

Combined Financial Statements
and Supplementary Information

December 31, 2025 and 2024

Presbyterian Homes Obligated Group

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Certification of Chief Executive and Chief Financial Officers

We are responsible for the combined financial statements of Presbyterian Homes Obligated Group as of December 31, 2025 and 2024, and attest that they are accurate, complete and fairly presented.

Our financial integrity is built on robust internal controls, disciplined financial management, and a culture of transparency. Our commitment to integrity is reflected in our Statement of Values. Presbyterian Senior Living's Statement of Values guides how we conduct business and serve our residents. We believe that this commitment, our processes, and internal controls produce financial information that can be trusted.

Combined financial statements report our financial position and results using numbers and prescribed rules. They also include a significant amount of information that is required by financial reporting standards. We believe these combined financial statements disclose information that is important to create a complete picture of our stewardship of financial resources.

Combined financial statements alone can never reflect the breadth of our mission-driven work. They do not measure the dedication of our team members, the strength of our relationships, or the transformative impact Presbyterian Senior Living has on the lives of those we serve. Guided by the life and teachings of Jesus, stewardship of our financial resources is inseparable from our commitment to delivering vibrant, supportive communities where individuals thrive.

We believe in open and honest communication and welcome any inquiries regarding this report. Presbyterian Senior Living remains steadfast in its mission, vision and values as we continue to shape the future of senior living with integrity, innovation and purpose.

Dan Davis
Chief Executive Officer
Presbyterian Senior Living

Dyan McAlister
Chief Finance and Strategy Officer
Presbyterian Senior Living

Independent Auditors' Report

To the Board of Directors of
Presbyterian Homes Obligated Group

Opinion

We have audited the combined financial statements of Presbyterian Homes Obligated Group (the Obligated Group), which comprise the combined statements of financial position as of December 31, 2025 and 2024, and the related combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 27, 2026

Presbyterian Homes Obligated Group

Combined Statements of Financial Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 4,020,820	\$ 10,578,204
Investments	180,922,337	138,141,276
Statutory liquid reserves	13,875,034	13,786,571
Accounts receivable, net	15,517,097	14,927,149
Assets whose use is limited	20,064,312	28,586,814
Property and equipment, net	468,643,786	467,080,559
Due from affiliates, net	83,241,827	83,168,710
Funds held in trust by others	20,856,407	19,953,488
Goodwill	23,082,598	26,234,673
Other assets	9,753,139	6,270,053
	<u>839,977,357</u>	<u>808,727,497</u>
Total assets	<u>\$ 839,977,357</u>	<u>\$ 808,727,497</u>
Liabilities and Net Assets		
Accounts payable	\$ 10,225,496	\$ 8,997,019
Accrued expenses	19,756,441	20,333,310
Lines of credit	15,316,959	6,306,477
Resident deposits	4,324,090	3,457,092
Entrance fees payable	15,170,341	12,586,800
Other liabilities	5,031,719	5,328,991
Long-term debt	333,219,905	341,297,959
Deferred revenues from entrance fees	176,102,055	166,589,346
	<u>579,147,006</u>	<u>564,896,994</u>
Total liabilities	<u>579,147,006</u>	<u>564,896,994</u>
Net Assets		
Without donor restrictions	229,980,559	214,304,790
With donor restrictions	30,849,792	29,525,713
	<u>260,830,351</u>	<u>243,830,503</u>
Total net assets	<u>260,830,351</u>	<u>243,830,503</u>
Total liabilities and net assets	<u>\$ 839,977,357</u>	<u>\$ 808,727,497</u>

See notes to combined financial statements

Presbyterian Homes Obligated Group

Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	\$ 226,685,715	\$ 224,505,887
Amortization of entrance fees	25,868,381	21,874,608
Total resident services	252,554,096	246,380,495
Contributions, gifts and bequests	465,873	1,654,571
Other revenues	331,480	721,576
Net assets released from restrictions	270,603	515,541
Total operating revenues and other support	<u>253,622,052</u>	<u>249,272,183</u>
Expenses:		
Nursing services	68,793,170	70,290,258
Rehabilitation	9,883,702	9,992,857
Recreation and special services	4,704,796	4,520,389
Pharmacy	2,407,425	2,429,238
Social services	1,054,728	1,003,337
Physician services	361,549	365,105
Food services	28,987,953	28,057,277
Building operations and maintenance	37,398,908	33,932,112
Housekeeping	4,815,692	4,459,200
Laundry and linen	1,295,488	1,398,387
Management and general	36,590,612	35,638,779
Employee benefits	10,156,724	12,362,250
Interest	16,189,734	16,474,519
Depreciation	29,594,959	26,811,272
Amortization	3,152,075	3,293,375
Fundraising	664,499	560,098
Total expenses before nonrecurring expenses	<u>256,052,014</u>	<u>251,588,453</u>
Operating loss before other gains and losses	(2,429,962)	(2,316,270)
(Loss) gain on sale of community and disposals of property and equipment	(116,408)	426,830
Loss on impairment of asset	-	(102,723)
Operating loss	<u>(2,546,370)</u>	<u>(1,992,163)</u>
Other income:		
Investment income	6,214,538	6,162,346
Realized gain on investments	1,410,030	1,034,003
Unrealized gain on investments	9,690,999	6,737,553
Total other income	<u>17,315,567</u>	<u>13,933,902</u>
Revenues in excess of expenses	<u>14,769,197</u>	<u>11,941,739</u>
Net assets released from restrictions for property and equipment	<u>906,572</u>	<u>-</u>
Change in net assets without donor restrictions	<u>15,675,769</u>	<u>11,941,739</u>

See notes to combined financial statements

Presbyterian Homes Obligated Group

Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Assets With Donor Restrictions		
Contributions, gifts and bequests	\$ 944,936	\$ 913,464
Investment income, net of investment expense	109,601	70,448
Unrealized gain on investments	1,446,717	1,410,234
Net assets released from restrictions	<u>(1,177,175)</u>	<u>(515,541)</u>
Change in net assets with donor restrictions	<u>1,324,079</u>	<u>1,878,605</u>
Change in net assets	16,999,848	13,820,344
Net Assets, Beginning	<u>243,830,503</u>	<u>230,010,159</u>
Net Assets, Ending	<u><u>\$ 260,830,351</u></u>	<u><u>\$ 243,830,503</u></u>

See notes to combined financial statements

Presbyterian Homes Obligated Group

Combined Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 16,999,848	\$ 13,820,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,594,959	26,811,272
Provision for credit losses	1,258,396	1,717,938
Proceeds from nonrefundable entrance fees and deposits	43,356,557	36,694,776
Amortization of entrance fees	(25,868,381)	(21,874,608)
Unrealized gain on investments	(11,137,716)	(8,147,787)
Realized gain on investments	(1,410,030)	(1,034,003)
Loss (gain) on sale of community and disposals of property and equipment	116,408	(426,830)
Loss on impairment of asset	-	102,723
Contributions restricted for long-term purposes	(114,836)	(93,391)
Amortization of deferred financing costs	193,750	236,117
Amortization of bond premium	(399,903)	(457,028)
Amortization of bond discount	173,219	173,254
Amortization of goodwill	3,152,075	3,293,375
Changes in assets and liabilities:		
Accounts receivable	(448,649)	(577,758)
Entrance fee receivable	(1,399,695)	(833,361)
Other assets	(3,483,086)	(1,166,393)
Accounts payable	970,355	(3,536,396)
Accrued expenses	(1,195,637)	1,544,276
Other liabilities	(297,272)	1,315,134
Net cash provided by operating activities	<u>50,060,362</u>	<u>47,561,654</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(28,596,268)	(33,300,019)
Proceeds from sale of community and property and equipment	-	5,600,000
Purchases of investments	(49,718,139)	(31,465,192)
Proceeds from sale of investments	31,640,437	29,052,366
Due from affiliates, net	(73,117)	2,938,868
Net cash used in investing activities	<u>(46,747,087)</u>	<u>(27,173,977)</u>
Cash Flows From Financing Activities		
Payment of accounts payable, construction	(1,801,436)	(2,291,737)
Refunds of entrance fees and deposits	(5,481,378)	(6,063,266)
Proceeds from refundable entrance fees and deposits, resales	956,450	893,355
Proceeds from entrance fees and deposits, new units	-	4,892,812
Principal payments on redemptions of long-term debt	(8,045,120)	(9,495,801)
Financing costs paid	-	(99,585)
Borrowings (repayments) on lines of credit, net	9,010,482	(10,443,523)
Contributions restricted for long-term purposes	114,836	93,391
Net cash used in financing activities	<u>(5,246,166)</u>	<u>(22,514,354)</u>
Net change in cash, cash equivalents and restricted cash and cash equivalents	(1,932,891)	(2,126,677)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	<u>62,023,332</u>	<u>64,150,009</u>
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	<u>\$ 60,090,441</u>	<u>\$ 62,023,332</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	<u>\$ 16,219,607</u>	<u>\$ 15,411,825</u>
Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	<u>\$ 2,678,326</u>	<u>\$ 1,801,436</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	\$ 4,020,820	\$ 10,578,204
Cash and cash equivalents in investments	42,179,949	29,579,542
Restricted cash and cash equivalents in assets whose use is limited	<u>13,889,672</u>	<u>21,865,586</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 60,090,441</u>	<u>\$ 62,023,332</u>

See notes to combined financial statements

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements
December 31, 2025 and 2024

1. General Information

Presbyterian Homes Obligated Group (the Obligated Group) consists of the following not-for-profit corporations: Presbyterian Homes, Inc. (Pres Homes), Presbyterian Homes in the Presbytery of Huntingdon (PHPH), Quincy Retirement Community (QRC), The Long Community, Inc. (TLC), PHI Investment Management Services, Inc. (PIMSI), Cathedral Village (CA) and Pine Run Village, Inc. (PR). Among all the members of the Obligated Group, they own, operate and manage 11 continuing care retirement communities, three stand-alone independent living facilities and one stand-alone personal care home.

Windy Hill Village, a component of PHPH, was sold in 2024. This transaction resulted in a gain on sale which is included in operating loss in the accompanying combined statement of operations and changes in net assets for the year ended December 31, 2024.

The Obligated Group is governed by the Board of Trustees of PHI, doing business as Presbyterian Senior Living. Presbyterian Senior Living (PSL) is the parent organization for the members of the Obligated Group.

The following table details the number of beds/units that operate under each member of the Obligated Group:

	<u>Total</u>	<u>Pres Homes</u>	<u>PHPH</u>	<u>QRC</u>	<u>TLC</u>	<u>CA</u>	<u>PR</u>
Nursing beds	771	376	130	94	-	81	90
Personal care and assisted living units	584	240	73	80	32	26	133
Independent living units	<u>1,777</u>	<u>762</u>	<u>150</u>	<u>229</u>	<u>108</u>	<u>247</u>	<u>281</u>
Total	<u>3,132</u>	<u>1,378</u>	<u>353</u>	<u>403</u>	<u>140</u>	<u>354</u>	<u>504</u>

2. Summary of Significant Accounting Policies

Basis of Combination and Accounting

The combined financial statements were prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting, and only include those entities who comprise of the Obligated Group, and are parties to the master trust indenture with BNY Mellon, as master trustee, dated May 1, 2008, as amended through the 35th supplemental indenture dated September 1, 2023. All material intercompany balances and transactions have been eliminated.

Income Taxes

The Obligated Group and all its members are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and have been recognized as tax-exempt under Section 501(a) of the IRC.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

December 31, 2025 and 2024

Use of Estimates

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

Cash and Cash Equivalents

The Obligated Group considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents for the purposes of the combined statements of financial position and cash flows, except for those included in investments or assets whose use is limited. The Obligated Group's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times during 2025 and 2024, the Obligated Group's cash balances may have exceeded the FDIC coverage. The Obligated Group has not experienced any loss in these accounts.

Restricted cash included in statutory reserves represents amounts required by the Continuing Care Provider Registration and Disclosure Act in Pennsylvania, which requires a working capital reserve equivalent to the greater of the total debt service payments due during the next 12 months on account of any loan or long-term financing, or 10% of the projected annual operating expenses of the Obligated Group exclusive of depreciation. The reserve is computed on only the proportional share of financing or operating expenses that are applicable to Residence and Care Agreements. Restricted cash in assets whose use is limited represents cash and cash equivalents held by a trustee under the terms of various bond indentures and permanently restricted investments.

Investments and Investment Risk

The Obligated Group's investments are comprised of a variety of financial instruments. The fair values reported in the combined statements of financial position are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is possible that the amounts reported in the combined statements of financial position could change materially in the near term.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Accounts Receivable, Net

The Obligated Group assesses collectability on all resident accounts prior to providing services. An allowance for credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Obligated Group has exhausted all collection efforts and accounts are deemed impaired.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

December 31, 2025 and 2024

Included in accounts receivable, net are entrance fee receivables. Entrance fee receivables are evaluated for collectability prior to residents being admitted to the community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Assets Whose Use is Limited

Assets whose use is limited primarily include assets held by a trustee under the terms of various bond indentures, Board designated investments and donor-restricted investments.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value on the date of donation. Depreciation is being provided on the straight-line method over the estimated useful lives of the assets for property and equipment. The Obligated Group's policy is to capitalize items in excess of \$3,000 or for a group of items that are the same or similar in nature or function as a group totaling \$3,000 or more and benefits more than one year.

Depreciable lives are determined as follows:

Land improvements	3 - 35 years
Buildings and improvements	5 - 50 years
Departmental equipment, furniture and fixtures	1 - 40 years
Furniture	5 - 25 years
Vehicles	4 - 5 years

Goodwill

The Obligated Group has elected the accounting alternative to amortize goodwill. Goodwill is amortized on a straight-line basis over 10 years and is tested for impairment at the entity level. The Obligated Group evaluates goodwill for impairment when a triggering event occurs that indicates the fair value may be below its carrying amount. Management has determined that no such triggering event had occurred during 2025 and 2024. Therefore, additional testing to identify potential impairment was unnecessary. Goodwill was \$23,082,598 and \$26,234,673 at December 31, 2025 and 2024, respectively. Goodwill is primarily the result of the acquisition of PR.

Funds Held in Trust by Others

Certain members of the Obligated Group have been named as a beneficiary of several trusts which are administered and controlled by independent trustees. The trusts are recorded as contribution revenue when the Obligated Group is notified of the trust's existence. The Obligated Group receives the earnings from these trusts whose principal is to be held in perpetuity. The earnings from the trusts are reported as investment income, increasing net assets without donor restrictions.

Assets held in trust by others are valued based on the estimated fair value of the underlying investments. The change in the fair value of assets held in trust by others is reported as unrealized gains or losses on investments in change in net assets with donor restrictions.

Also included in funds held in trust by others are gift annuities and contributions receivable from charitable remainder trusts that are held by an independent trustee. Periodic payments are made until the death of the annuitant. These annuities are recorded at the present value of the annuity amount discounted at the contract rate over the estimated remaining life of the annuitant.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

December 31, 2025 and 2024

A summary of these funds as of December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Beneficial interest in perpetual trusts	\$ 20,422,085	\$ 19,593,213
Contributions receivable from remainder trusts	433,755	359,708
Gift annuities	<u>567</u>	<u>567</u>
Total funds held in trust by others	<u>\$ 20,856,407</u>	<u>\$ 19,953,488</u>

Deferred Financing Costs

The Obligated Group has deferred the costs incurred for obtaining the proceeds of its long-term debt. These costs are being amortized over the life of the related debt agreement using the straight-line method, which approximates the effective interest method. Unamortized deferred financing costs are a direct deduction from the associated long-term debt included on combined statements of financial position and associated amortization expense is included as a component of interest expense on the combined statements of operations and changes in net assets.

Workers' Compensation

Accrued expenses include a provision for estimated self-insured workers' compensation claims for both reported claims not yet paid and claims incurred but not reported.

Deferred Revenue From Entrance Fees, Entrance Fees Payable and Amortization of Entrance Fees

Residents entering a community execute a residence and care agreement, which requires payment of an entrance fee, based on the unit to be occupied. The Obligated Group offers both nonrefundable and refundable resident agreements. Under the majority of nonrefundable resident agreements, residents who terminate their contracts will generally be entitled to a refund less 2% of the entrance fee per each month of residency up to 50 months. Under refundable resident agreements, the entrance fee is reduced to no less than the guaranteed refund, as specified in the resident agreement and refunds to residents are generally paid by the Obligated Group after the resident leaves the community and a new resident occupies the residential living unit vacated by the former resident.

The nonrefundable portion of entrance fee is amortized to revenue over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that services under the resident agreements are expected to be provided to residents and the Obligated Group's performance obligation to the residents is satisfied, and is classified as deferred revenue from entrance fees on the combined statements of financial position.

The guaranteed refundable portion of entrance fees is classified as entrance fees payable on the combined statements of financial position and is not amortized to revenue. The gross contractual refund obligations under existing resident agreements was approximately \$86,937,000 at December 31, 2025.

Obligation to Provide Future Service

The Obligated Group periodically calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds deferred revenue from entrance fees, a liability is recorded with the corresponding change to income. As a result of the last calculation (as of December 31, 2024), using a discount rate of 5.5%, the present value of the net cost of future services and use of facilities did not exceed deferred revenues from entrance fees; accordingly, no obligation was recorded for the years ended December 31, 2025 or 2024.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

December 31, 2025 and 2024

Statutory Liquid Reserves

The Continuing Care Provider Registration and Disclosure Act in Pennsylvania requires a working capital reserve equivalent to the greater of the total debt service payments due during the next 12 months on account of any loan or long-term financing, or 10% of the projected annual operating expenses of the Obligated Group exclusive of depreciation. The reserve is computed on only the proportional share of financing or operating expenses that are applicable to residence and care agreements. The Obligated Group met the reserve requirements as of December 31, 2025 and 2024.

Net Assets

Net assets, revenues, gains and other 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 - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets available for use 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.

Donor Restrictions

The Obligated Group reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose to which the donation is restricted is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the combined statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying combined financial statements.

The Obligated Group reports noncash gifts as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Obligated Group reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions, including unconditional promises to give, are recognized as revenues when the promise to give is first made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of contribution.

Resident Services Revenue

Resident services revenue is reported at the amount that reflects the consideration the Obligated Group expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident services revenue is recognized as performance obligations are satisfied.

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Resident services revenue is primarily comprised of independent living, personal care/assisted living and health center revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Obligated Group has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Obligated Group considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues are recognized on a daily or month-to-month basis as services are rendered. Resident services revenue includes revenues from therapy services, other services such as housekeeping, laundry, transportation and other revenues from residents are considered one performance obligation which is satisfied over time as services are rendered. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to the resident in a retail setting (for example, pharmaceuticals and medical equipment), and the Obligated Group does not believe it is required to provide additional goods or services related to that sale.

Payment terms and conditions for the Obligated Group's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident services revenue for recurring and routine monthly services are generally billed monthly in advance. Resident services revenue for ancillary services are generally billed monthly in arrears.

The Obligated Group receives revenue for services under third-party payor programs, including Medicare, Medical Assistance and other third-party payors. The Obligated Group's agreements with third-party payors provide for payments at amounts different from established rates. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Obligated Group estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

A summary of the payment arrangements with major third-party payors follows:

Medical Assistance - Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. The determination of these rates is partially based on the Obligated Group's clinical assessment of its residents. The Obligated Group is required to clinically assess its residents at predetermined time periods throughout the year which are subject to review and adjustment by the Medicare program.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates based upon contractual obligations (i.e. the terms/rates agree upon in the respective contracts).

Resident Assistance

Resident assistance is measured based on the Obligated Group's direct and indirect costs of providing resident assistance services. If the Obligated Group's costs cannot be specifically attributed to services provided to resident assistance patients, the Obligated Group uses reasonable techniques to estimate these costs.

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The Obligated Group's policy is to provide services without charge, or at amounts less than its established rates, to residents who meet the certain need-based criteria. These criteria consider resident income and expenses, financial resources, state and federal government requirements and other sources of payment for services which may be provided. The Obligated Group also receives donations and income from permanently restricted trusts and investments designated to the needs of its residents under this policy.

Amounts the Obligated Group provided and received for resident financial support are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Resident assistance provided at the estimated cost thereof, net of amounts received from residents	\$ 5,518,890	\$ 4,467,009
Additional resident assistance provided to Medical Assistance residents at amounts less than pre-established charges for private pay services	24,596,444	29,921,976
Giving and income designated for resident financial support	281,821	1,202,849

Contract Balances

Contract assets represent the Obligated Group's right to consideration in exchange for goods or services that the Obligated Group has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Obligated Group's future performance). Contract liabilities represent the Obligated Group's obligation to transfer goods or services to a resident for which the Obligated Group has received consideration (or the amount is due) from the resident. The Obligated Group had no contract assets as of December 31, 2025, 2024 and 2023.

The Obligated Group's beginning and ending contract liabilities are separately presented on the combined statements of financial position as of December 31, 2025 and 2024 as deferred revenues from entrance fees. Deferred revenues from entrance fees were \$150,814,426 as of December 31, 2023.

Performance Indicator

The Obligated Group measures the performance of its operations using the combined statements of operations and changes in net assets, which includes a performance indicator of operations labeled as "revenues in excess of expenses." Changes in net assets without donor restrictions which are excluded from this measure are net assets released from restrictions for property and equipment.

Reclassifications

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

Subsequent Events

The Obligated Group has evaluated subsequent events through April 27, 2026, which is the date the combined financial statements were issued.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

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3. Resident Services Revenue

The Obligated Group disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors which include the following:

- Payors (Medicare, Medical Assistance, managed or other insurance) have different reimbursement and payment methodologies
- Length of the resident's stay or service
- Method of reimbursement (fee-for-service or capitation)
- Corporation's line of business that provided the service (skilled nursing, personal care/assisted living, independent living and outpatient)

The composition of resident services revenue by payor and level of care for the years ended December 31:

	2025					Total
	Independent Living	Personal Care/ Assisted Living	Health Center	Outpatient	Other	
Private Pay	\$ 76,726,947	\$ 42,515,255	\$ 37,036,552	\$ 242,076	\$ 53,496	\$ 156,574,326
Medicare	-	973,273	35,382,972	2,043,683	-	38,399,928
Medical Assistance	-	-	29,898,473	-	-	29,898,473
Other	-	45,783	492,954	238,248	1,036,003	1,812,988
Subtotal	<u>76,726,947</u>	<u>43,534,311</u>	<u>102,810,951</u>	<u>2,524,007</u>	<u>1,089,499</u>	226,685,715
Amortization of entrance fees						<u>25,868,381</u>
Total	<u>\$ 76,726,947</u>	<u>\$ 43,534,311</u>	<u>\$ 102,810,951</u>	<u>\$ 2,524,007</u>	<u>\$ 1,089,499</u>	<u>\$ 252,554,096</u>
	2024					Total
	Independent Living	Personal Care/ Assisted Living	Health Center	Outpatient	Other	
Private Pay	\$ 72,614,022	\$ 43,336,582	\$ 32,939,596	\$ 219,376	\$ 52,269	\$ 149,161,845
Medicare	-	1,735,723	35,441,278	1,134,539	-	38,311,540
Medical Assistance	-	-	34,291,778	-	-	34,291,778
Other	-	2,712	1,195,688	247,929	1,294,395	2,740,724
Subtotal	<u>72,614,022</u>	<u>45,075,017</u>	<u>103,868,340</u>	<u>1,601,844</u>	<u>1,346,664</u>	224,505,887
Amortization of entrance fees						<u>21,874,608</u>
Total	<u>\$ 72,614,022</u>	<u>\$ 45,075,017</u>	<u>\$ 103,868,340</u>	<u>\$ 1,601,844</u>	<u>\$ 1,346,664</u>	<u>\$ 246,380,495</u>

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4. Investments, Restricted Deposits and Funded Reserves, Assets Whose Use is Limited and Fair Value Measurements

The composition of investments, restricted deposits and funds reserves and assets whose use is limited as of December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 56,069,621	\$ 51,445,128
Mutual funds:		
Equity	108,237,902	77,033,667
Fixed income	31,438,782	26,999,777
Investment measured using alternative measurement	9,243,285	9,243,285
Alternative investments	<u>9,872,093</u>	<u>15,792,804</u>
Total investments, statutory liquid reserves and assets whose use is limited	214,861,683	180,514,661
Less:		
Assets whose use is limited:		
Investments held in perpetuity	(5,866,480)	(5,752,348)
Other escrow fund	(604,483)	(1,559,152)
Project fund	(13,593,349)	(21,275,314)
Statutory liquid reserves	<u>(13,875,034)</u>	<u>(13,786,571)</u>
Total investments	<u>\$ 180,922,337</u>	<u>\$ 138,141,276</u>

Fair Value of Financial Instruments

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as 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. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Obligated Group for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds are valued based on the carrying amount which approximates fair value due to the short-term nature of these instruments.

Mutual funds are valued at fair value based on quoted market prices in active markets.

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Investments in the accompanying combined statements of financial position include alternative investment funds (the Funds). The Funds are measured using the net asset value per share as a practical expedient.

Investments measured using an alternative measurement do not have a readily determinable fair value, and therefore, are measured using an alternative measurement equal to its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

The funds held in trust by others are valued at fair value based on the Obligated Group's interest in the fair values of the underlying assets, which approximate the present value of estimated future cash flows to be received from the trusts.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of December 31, 2025 and 2024, are as follows:

	Fair Value as of December 31, 2025			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 56,069,621	\$ 56,069,621	\$ -	\$ -
Mutual funds:				
Equity	108,237,902	108,237,902	-	-
Fixed income	31,438,782	31,438,782	-	-
Total investments	195,746,305	195,746,305	-	-
Funds held in trust by others	20,856,407	-	-	20,856,407
Total assets	<u>\$ 216,602,712</u>	<u>\$ 195,746,305</u>	<u>\$ -</u>	<u>\$ 20,856,407</u>
	Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 51,445,128	\$ 51,445,128	\$ -	\$ -
Mutual funds:				
Equity	77,033,667	77,033,667	-	-
Fixed income	26,999,777	26,999,777	-	-
Total investments	155,478,572	155,478,572	-	-
Funds held in trust by others	19,953,488	-	-	19,953,488
Total assets	<u>\$ 175,432,060</u>	<u>\$ 155,478,572</u>	<u>\$ -</u>	<u>\$ 19,953,488</u>

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Notes to Combined Financial Statements

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The reconciliation of total investments, restricted deposits and funded reserves and assets whose use is limited in the accompanying combined statements of financial position as of December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Measured at net asset value	\$ 9,872,093	\$ 15,792,804
Measured using alternative measurement	9,243,285	9,243,285
Measured at fair value	<u>195,746,305</u>	<u>155,478,572</u>
 Total investments, restricted deposits and funded reserves and assets whose use is limited	 <u>\$ 214,861,683</u>	 <u>\$ 180,514,661</u>

5. Liquidity

The Obligated Group's financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the combined statements of financial position date are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,020,820	\$ 10,578,204
Investments	180,922,337	138,141,276
Accounts receivable, net	<u>15,517,097</u>	<u>14,927,149</u>
 Total	 <u>\$ 200,460,254</u>	 <u>\$ 163,646,629</u>

The Obligated Group's endowment fund consists of donor-restricted funds. Income from donor-restricted endowments is restricted for specific purposes, and therefore, is not available for general expenditures.

As a part of the Obligated Group's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Obligated Group invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Obligated Group has committed lines of credit (Note 9) that totaled \$24,000,000 as of December 31, 2025 and 2024, which it draws upon as needed.

As of December 31, 2025 and 2024, the lines of credit had approximately \$8,683,000 and \$17,694,000, respectively, available to draw for general expenditures.

6. Related-Party Transactions

PSL provides the Obligated Group with various management and administrative services to each member of the Obligated Group's operating facilities, for which it charges the members of the Obligated Group a management fee. The Obligated Group members also incur certain operating expenses that are comprised primarily of the salaries and benefits of certain key management personnel provided to the Obligated Group by the parent organization. During the years ended December 31, 2025 and 2024, the Obligated Group incurred management fees and other expenses totaling \$19,393,392 and \$18,274,944, respectively, which is included in management and general expenses on the combined statements of operations and changes in net assets.

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Amounts due from affiliate entities as of December 31, 2025 and 2024, are \$83,241,827 and \$83,168,710, respectively. The balances represent amounts transferred to PSL to fund development of affiliated affordable housing entities and other amounts arising from the normal course of business, including affiliate liquidity support. The amounts are unsecured, noninterest bearing and have no fixed repayment terms. The Obligated Group assess the amounts due from affiliates annually to determine if events or circumstances effect the collectability of the amounts. No impairment losses were recognized during 2025 and 2024. The Obligated Group did not transfer assets to PSL for development of a new affordable housing entity during 2025 and 2024.

Prelude Systems, Inc. (Prelude) is a joint venture between PSL and Diakon Lutheran Senior Services (Diakon). Prelude is an information technology services organization with a wide range of programs designed to support the information systems needs of both PSL and Diakon as well as other health care and community service organizations. During 2025 and 2024, the Obligated Group incurred expenses amounting to \$2,152,088 and \$1,898,093, respectively, for information services provided by Prelude, of which \$40,324 and \$42,138 is included in accounts payable as of December 31, 2025 and 2024, respectively.

In May 2025, PSL entered into a joint venture between Presbyterian Senior Living and Culinesse, LLC (Culinesse) to form Three Oaks Senior Dining, LLC (Three Oaks). On October 1, 2025, the agreement was amended to admit Lutheran Senior Services d/b/a EverTrue (EverTrue) as a founding member. Three Oaks is a dining services management company that provides consulting, management, and back-office shared services in the hospitality industry and manages dining services for PSL and EverTrue with the intent to offer services to other large health care and community service organizations. During 2025, the Obligated Group incurred expenses of \$2,723,497 for dining services provided by Three Oaks, of which \$1,123,306 is included in accounts payable as of December 31, 2025.

During 2021, the Obligated Group purchased preferred stock of Benchmark Therapies, an affiliate, and is accounted for using an alternative measurement. It is included in investments in the accompanying combined statements of financial position and totaled \$8,000,000 as of December 31, 2025 and 2024. The Obligated Group purchases rehabilitation services from Benchmark Therapies. The Obligated Group incurred fees of \$9,857,290 and \$9,968,681 during 2025 and 2024, respectively, of which \$840,279 and \$736,938 is included in accounts payable as of December 31, 2025 and 2024, respectively.

7. Property and Equipment

A summary of property and equipment and accumulated depreciation as of December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 43,663,538	\$ 43,663,538
Land improvements	30,760,141	29,518,505
Buildings and improvements	713,734,092	686,900,580
Departmental equipment, furniture and fixtures	68,186,573	61,725,328
Vehicles	1,815,806	1,817,668
Construction-in-progress	12,534,856	16,763,728
	870,695,006	840,389,347
Accumulated depreciation	<u>(402,051,220)</u>	<u>(373,308,788)</u>
Total	<u>\$ 468,643,786</u>	<u>\$ 467,080,559</u>

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As the Obligated Group undertakes expansion and improvement projects, costs are included in construction-in-progress. As projects are completed, the costs are transferred to buildings and building improvements. Ongoing improvement and expansion is anticipated in the normal course of operations.

As of December 31, 2025 and 2024, respectively, the Obligated Group had approximately \$2,678,000 and \$1,801,000 outstanding of construction payable included in accounts payable and accrued expenses in the accompanying combined statements of financial position. As of December 31, 2025, the Obligated Group has outstanding construction contracts totaling approximately \$3,623,000 for various projects. Costs incurred through December 31, 2025 were approximately \$2,797,000.

8. Long-Term Debt

Long-term debt of the group and of the amounts payable by the Obligated Group as of December 31 consisted of the following:

	<u>2025</u>	<u>2024</u>
1995 Series A Revenue Note to First National Bank, was payable in equal monthly installments of principal and interest based on a floating rate through 2025 when it was paid off.	\$ -	\$ 53,836
Quincy Sewer Authority Series 2016 bonds held by TD Bank, principal due in varying annual amounts from 2017 to 2042, interest is fixed at 2.40% until 2026, interest rates will be reset in five year increments. This note is subject to an optional call including principal and interest on May 20, 2026.	14,512,522	15,218,577
Bank of America taxable 10-year term loan, principal due in varying amounts through June 2032. The bonds bear a fixed interest rate of 4.09%.	1,785,589	2,140,191
Pennsylvania Economic Development Financing Authority Revenue Bonds, Series 2018, held by TD Bank, principal due in varying amounts from 2020 to 2044. The bonds bear a fixed rate of interest equal to 3.91% per annum multiplied by a margin rate factor interest resets in 10 year increments.	25,191,000	26,082,000
Bank of America taxable 10-year term loan Bond Series 2020, principal payments are based on 8.5-year mortgage style amortization schedule, due in June 2030. The bonds bear a fixed interest rate of 2.49%.	7,760,608	9,369,075
Northampton County Industrial Development Authority Revenue Bonds Series 2020, held by Bank of America, principal payments are based on a 25-year mortgage style amortization schedule, due in January 2047. The bonds bear a fixed interest rate of 2.31%.	13,152,925	13,632,085
Pennsylvania Economic Development Financing Authority Revenue Bonds, Series 2021, for which The Bank of New York Mellon Trust Company is Trustee, with principal due varying amounts from 2022 to 2046. The bonds bear a fixed interest rate of 4.00%.	57,355,000	58,170,000
Bank of America taxable 10-year term loan Bond Series 2021, principal due in varying amounts through 2031. The bonds bear a fixed interest rate of 2.59%.	6,885,000	7,287,000

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	<u>2025</u>	<u>2024</u>
Pennsylvania Economic Development Financing Authority Revenue Bonds, Series 2023B-1, for which The Bank of New York Mellon Trust Company is the Trustee, with principal due varying amounts from 2047 to 2049. The bonds bear a fixed interest rate of 5.25%.	\$ 36,510,000	\$ 36,510,000
Pennsylvania Economic Development Financing Authority Revenue Bonds, Series 2023B-2, for which The Bank of New York Mellon Trust Company is the Trustee, with principal due varying amounts from 2024 to 2046. The bonds bear various fixed rates from 4.50% to 5.25%.	95,035,000	95,260,000
National Finance Authority Revenue Bonds, Series 2023A, for which The Bank of New York Mellon Trust Company is the Trustee, with principal due varying amounts from 2046 to 2048. The bonds bear a fixed interest rate of 5.25%.	27,895,000	27,895,000
Bank of America taxable 10-year term loan Bond Series 2023A, principal due in varying amounts through 2035. The bonds bear a fixed interest rate of 5.74%.	29,595,000	31,730,000
Bank of America taxable 10-year term loan Bond Series 2023B, principal due in varying amounts through 2049. The bonds bear a fixed interest rate of 5.72%.	<u>19,335,000</u>	<u>19,710,000</u>
Total long-term debt	335,012,644	343,057,764
Plus unamortized premium	5,340,290	5,740,193
Less unamortized discount	(3,343,789)	(3,517,008)
Less deferred financing costs	<u>(3,789,240)</u>	<u>(3,982,990)</u>
Total	<u>\$ 333,219,905</u>	<u>\$ 341,297,959</u>

All of the Obligated Group long-term debt is collateralized by property and equipment and gross revenues of the Obligated Group and is tax-exempt, unless otherwise stated.

Under the terms of the master trust indenture, the Obligated Group is subject to various covenants, which include the achievement of certain pre-established financial indicators.

Scheduled maturities for the five years subsequent to December 31, 2025, and thereafter are as follows:

Years ending December 31:	
2026	\$ 8,284,677
2027	8,606,257
2028	8,930,765
2029	9,321,133
2030	9,608,722
Thereafter	<u>290,261,090</u>
Total	<u>\$ 335,012,644</u>

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Notes to Combined Financial Statements

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9. Lines of Credit

The Obligated Group has available various lines of credit with financial institutions. Interest rates on these lines of credit are variable based on the prime rate of the various financial institutions or the Bloomberg Short Term Bank Yield (BSBY) rate. The lines of credit are collateralized by property and equipment of the Obligated Group. As of December 31, 2025 and 2024, under the line of credit agreements, the Obligated Group had available a total maximum of \$24,000,000 from the financial institutions. As of December 31, 2025 and 2024, the Obligated Group had \$15,316,959 and \$6,306,477, respectively, outstanding under these agreements at interest rates ranging from 5.28% to 7.18%, and with maturity dates ranging from July 2026 to February 2027.

The Obligated Group also has available a construction line of credit with the First National Bank of Pennsylvania. The interest rate on this line of credit is variable based on the prime rate of First National Bank of Pennsylvania. The construction line of credit is collateralized by gross revenues and property and equipment of the Obligated Group. As of December 31, 2025, the Obligated Group had available a total maximum of \$25,000,000 from the financial institution. As of December 31, 2025 and 2024, the Obligated Group did not have an outstanding balance under this agreement at interest rate of 5.23% and with a maturity date of February 2028.

10. Workers' Compensation Insurance

The Obligated Group has instituted a self-insured workers' compensation program as allowed by the Commonwealth of Pennsylvania Bureau of Workers' Compensation. This program provides for self-payment of work related injuries and illnesses as opposed to utilizing an insurance carrier. The Obligated Group has contracted with major insurance carriers for excess insurance coverage, loss control services and administration. In both 2025 and 2024, the Obligated Group maintained a surety bond for \$3,000,000 in connection with this self-insurance program. As of December 31, 2025 and 2024, the Obligated Group has recorded an accrued expense of approximately \$3,720,000 and \$4,838,000, respectively, for workers' compensation claims. This accrual includes known case reserves and an estimate of the Obligated Group's liability for incurred but not reported claims.

11. Medical Malpractice Claims Coverage

The Obligated Group members are named insured under a claims-made professional liability insurance policy maintained by the parent organization, Presbyterian Senior Living. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents have occurred or will be asserted that will exceed the insurance coverages or will have a material adverse effect on the combined financial statements.

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12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Team member assistance	\$ 328,872	\$ 350,768
Community enhancement	<u>1,483,122</u>	<u>1,776,344</u>
	<u>1,811,994</u>	<u>2,127,112</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	257,451	271,802
Gift annuities	567	567
Contributions receivable from remainder trusts	<u>433,755</u>	<u>359,708</u>
	<u>691,773</u>	<u>632,077</u>
Endowments:		
Subject to appropriation and expenditures when a specified event occurs:		
Restricted by donors for:		
Educational scholarship	67,142	64,370
Resident assistance	38,303	8,783
Community enhancement	<u>332,578</u>	<u>272,172</u>
	<u>438,023</u>	<u>345,325</u>
Subject to endowment spending policy and appropriation:		
Educational scholarship	583,501	500,117
Resident assistance	1,209,315	1,179,092
Community enhancement	<u>4,073,664</u>	<u>4,073,139</u>
	<u>5,866,480</u>	<u>5,752,348</u>
Total endowments	<u>6,304,503</u>	<u>6,097,673</u>
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	20,422,085	19,593,213
Trust assets held for the benefit of Presbyterian Home at Williamsport, a community of Pres Homes	<u>1,619,437</u>	<u>1,075,638</u>
	<u>22,041,522</u>	<u>20,668,851</u>
Total	<u>\$ 30,849,792</u>	<u>\$ 29,525,713</u>

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Expiration of time restrictions	\$ 28,000	\$ 85,848
Satisfaction of purpose restriction:		
Team member assistance	50,221	21,710
Community enhancement	174,775	360,236
Capital improvement	906,572	-
Restricted-purpose spending rate distributions and appropriations:		
Educational scholarship	16,206	6,609
Resident assistance	-	19,757
Community enhancement	1,401	21,381
Total	<u>\$ 1,177,175</u>	<u>\$ 515,541</u>

13. Endowments

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

Interpretation of Relevant Law

The Board of Trustees of PSL has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Obligated Group classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence described in state laws. Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Obligated Group considers the following factors:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements
December 31, 2025 and 2024

The following schedule represents endowment net asset composition by type of fund and changes in endowment net assets for the years ended December 31, 2025 and 2024:

	With Donor Restrictions	
	2025	2024
Endowment net assets, beginning of year	\$ 6,097,673	\$ 5,981,581
Investment income	109,601	70,448
Contributions	114,836	93,389
Appropriation of endowment assets for expenditures	(17,607)	(47,745)
Endowment net assets, end of year	<u>\$ 6,304,503</u>	<u>\$ 6,097,673</u>

The value of the original gifts plus subsequent gifts to be held in perpetuity totaled \$5,866,480 and \$5,752,348 for the years ended December 31, 2025 and 2024, respectively.

Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Obligated Group to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported as net assets without donor restrictions. The Obligated Group's policy states that should a fund fall below the original principal balance the Obligated Group would curtail spending in the fund until it returned to its original principal balance. There were no such deficiencies reported as of December 31, 2025 or 2024.

Return Objectives and Risk Parameters

The Obligated Group has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Obligated Group must hold in perpetuity or for donor-specified purposes. Under this policy, as approved by the Board of Trustees of PSL, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a composite of public market indexes based on the mix of investments held, while assuming a moderate level of investment risk. The Obligated Group's goal is that its endowment funds, over time, will provide an average rate of return of approximately the consumer price index plus the investment spending percentage plus 1% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The Obligated Group relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Obligated Group targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

December 31, 2025 and 2024

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Obligated Group has a total return policy for calculating the amounts available for distribution each year. It is a percent of its endowment fund's average fair value over the prior five calendar year ends. This percentage per the policy was up to 2% for 2025 and 2024. Actual distributions are to satisfy donor restrictions. If the total return amount exceeds the actual earnings of the endowment funds in any one year, then the amount needed to fund such excess will first be taken from the accumulated excess earnings from prior years, then from the accumulated net capital gains of endowment funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the unrestricted or temporarily restricted fund balance. In establishing this policy, the Obligated Group considered the long-term expected return on its endowments. Accordingly, over the long term, the Obligated Group intends that the current spending policy will allow its endowments to grow at an average of inflation plus 1% annually. This is consistent with the Obligated Group's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

14. Retirement Plan

The Obligated Group has a defined-contribution retirement plan covering all employees that have completed one year of service and have reached the age of 21. Vesting occurs after three years of service. Contributions to the defined-contribution retirement plan are at the discretion of the Board of Trustees of Presbyterian Senior Living and employees have the ability to direct how their contributions are invested. In 2024, the Obligated Group froze contributions to the defined-contribution plan.

Employees also have the option of a 403b plan. Beginning in 2024, the Obligated Group matched the participating employees' contributions up to 4% of their compensation to the employees' 403b plans. For the years ended December 31, 2025 and 2024, contributions to the 403b plan totaled approximately \$1,400,000 and \$1,157,000, respectively.

15. Functional Expenses

The combined statements of operations and changes in net assets report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Employee benefits and payroll taxes are allocated on the basis of total salaries and wages. Information technology and insurance are allocated on the basis of direct costs and management fees are allocated based on the home office direct costs.

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements

December 31, 2025 and 2024

The costs of providing services and supporting activities are as follows for the years ended December 31, 2025 and 2024:

	2025		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 86,498,304	\$ 3,786,741	\$ 90,285,045
Employee benefits	9,748,493	429,548	10,178,041
Payroll taxes	6,420,311	271,231	6,691,542
Purchased services	25,887,362	506,492	26,393,854
Occupancy	15,875,935	28,880	15,904,815
Taxes and insurance	9,260,584	355,453	9,616,037
Management services	-	19,393,392	19,393,392
Office and telephone	508,305	1,774,223	2,282,528
Information technology	549,085	3,386,902	3,935,987
Supplies	3,904,133	324,631	4,228,764
Medical supplies and services	5,280,015	-	5,280,015
Food and beverage	9,034,046	127,459	9,161,505
Other operating	1,246,378	2,517,343	3,763,721
Depreciation and amortization	32,557,104	189,930	32,747,034
Interest	14,387,818	1,801,916	16,189,734
	<u>\$ 221,157,873</u>	<u>\$ 34,894,141</u>	<u>\$ 256,052,014</u>
	2024		
	Resident Services	General and Administrative	Total
Salaries and wages	\$ 84,276,986	\$ 3,692,256	\$ 87,969,242
Employee benefits	12,261,545	568,821	12,830,366
Payroll taxes	6,230,715	267,045	6,497,760
Purchased services	26,066,878	380,599	26,447,477
Occupancy	14,032,800	160,161	14,192,961
Taxes and insurance	8,986,935	412,388	9,399,323
Management services	-	19,683,108	19,683,108
Office and telephone	440,345	1,722,516	2,162,861
Information technology	462,575	3,128,559	3,591,134
Supplies	4,190,340	366,915	4,557,255
Medical supplies and services	6,259,547	-	6,259,547
Food and beverage	9,134,506	81,209	9,215,715
Other operating	-	2,202,538	2,202,538
Depreciation and amortization	29,930,041	174,606	30,104,647
Interest	14,691,674	1,782,845	16,474,519
	<u>\$ 216,964,887</u>	<u>\$ 34,623,566</u>	<u>\$ 251,588,453</u>

Presbyterian Homes Obligated Group

Notes to Combined Financial Statements
December 31, 2025 and 2024

16. Commitments and Contingencies

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

Litigation

The Obligated Group is involved in several legal proceedings arising from its activities in the health care industry. Although it is not possible to presently determine the final outcome of these matters, management believes the aggregate liability, if any, resulting from such proceedings will not have a material adverse effect on the Obligated Group's assets, liabilities, net assets, operations or cash flows.

Presbyterian Homes Obligated Group

Combining Schedule of Financial Position
December 31, 2025

	<u>Presbyterian Homes, Inc.</u>	<u>Presbyterian Homes in the Presbytery of Huntingdon</u>	<u>PHI Investment Management Services, Inc.</u>	<u>The Long Community, Inc.</u>	<u>Quincy Retirement Community</u>	<u>Cathedral Village</u>	<u>Pine Run Village</u>	<u>Obligated Group Subtotal</u>	<u>Eliminating Entries</u>	<u>Obligated Group Total</u>
Assets										
Assets										
Cash and cash equivalents	\$ 1,579,643	\$ 49,567	\$ 1,166	\$ 408,019	\$ 1,978,125	\$ 1,000	\$ 3,300	\$ 4,020,820	\$ -	\$ 4,020,820
Investments	27,239,939	22,344,414	91,046,822	6,497,613	10,241,719	23,409,420	142,410	180,922,337	-	180,922,337
Statutory liquid reserves	5,784,172	1,173,375	-	-	1,329,760	2,213,516	3,374,211	13,875,034	-	13,875,034
Accounts receivable, net	6,972,309	2,017,447	-	109,560	2,394,909	1,607,599	2,415,273	15,517,097	-	15,517,097
Assets whose use is limited	11,970,046	3,484,635	3,517,457	180,176	564,744	347,254	-	20,064,312	-	20,064,312
Property and equipment, net	224,182,523	28,817,262	-	28,868,020	36,595,586	64,382,660	85,797,735	468,643,786	-	468,643,786
Due from affiliates, net	61,022,495	21,828,170	-	-	9,594,205	11,872,642	11,551,965	115,869,477	(32,627,650)	83,241,827
Funds held in trust by others	9,487,379	844,395	-	927,123	6,850,729	2,746,781	-	20,856,407	-	20,856,407
Goodwill	-	-	-	-	-	-	23,082,598	23,082,598	-	23,082,598
Other assets	5,326,371	1,456,063	-	434,513	701,730	824,107	1,010,355	9,753,139	-	9,753,139
Beneficial interest in assets	3,495,910	-	-	-	-	-	-	3,495,910	(3,495,910)	-
Total assets	\$ 357,060,787	\$ 82,015,328	\$ 94,565,445	\$ 37,425,024	\$ 70,251,507	\$ 107,404,979	\$ 127,377,847	\$ 876,100,917	\$ (36,123,560)	\$ 839,977,357
Liabilities and Net Assets										
Liabilities										
Accounts payable	\$ 5,685,209	\$ 727,953	\$ 488,172	\$ 103,918	\$ 920,885	\$ 870,006	\$ 1,429,353	\$ 10,225,496	\$ -	\$ 10,225,496
Accrued expenses	10,808,952	2,215,874	59,600	539,932	881,314	3,367,236	1,883,533	19,756,441	-	19,756,441
Lines of credit	15,316,959	-	-	-	-	-	-	15,316,959	-	15,316,959
Resident deposits	1,751,107	90,500	-	51,400	303,878	1,093,515	1,033,690	4,324,090	-	4,324,090
Entrance fees payable	5,506,679	796,425	-	-	1,446,272	1,438,113	5,982,852	15,170,341	-	15,170,341
Other liabilities	2,206,314	490,067	-	220,463	419,168	1,602,445	93,262	5,031,719	-	5,031,719
Long-term debt	165,434,640	18,763,425	-	20,919,982	22,269,367	28,742,807	77,089,684	333,219,905	-	333,219,905
Deferred revenues from entrance fees	81,370,802	10,495,995	-	-	18,582,790	33,418,853	32,233,615	176,102,055	-	176,102,055
Due to affiliates	-	-	15,434,016	17,193,634	-	-	-	32,627,650	(32,627,650)	-
Total liabilities	288,080,662	33,580,239	15,981,788	39,029,329	44,823,674	70,532,975	119,745,989	611,774,656	(32,627,650)	579,147,006
Net Assets										
Without donor restrictions	53,525,524	44,699,972	75,087,747	(2,632,061)	18,176,606	33,644,195	7,478,576	229,980,559	-	229,980,559
With donor restrictions	15,454,601	3,735,117	3,495,910	1,027,756	7,251,227	3,227,809	153,282	34,345,702	(3,495,910)	30,849,792
Total net assets	68,980,125	48,435,089	78,583,657	(1,604,305)	25,427,833	36,872,004	7,631,858	264,326,261	(3,495,910)	260,830,351
Total liabilities and net assets	\$ 357,060,787	\$ 82,015,328	\$ 94,565,445	\$ 37,425,024	\$ 70,251,507	\$ 107,404,979	\$ 127,377,847	\$ 876,100,917	\$ (36,123,560)	\$ 839,977,357

Presbyterian Homes Obligated Group

Combining Schedule of Operations and Changes in Net Assets
Year Ended December 31, 2025

	Presbyterian Homes, Inc.	Presbyterian Homes in the Presbytery of Huntingdon	PHI Investment Management Services, Inc.	The Long Community, Inc.	Quincy Retirement Community	Cathedral Village	Pine Run Village	Obligated Group Subtotal	Eliminating Entries	Obligated Group Total
Net Assets Without Donor Restrictions										
Revenues, gains and other support:										
Resident services:										
Resident services	\$ 103,343,830	\$ 24,199,021	\$ -	\$ 6,902,859	\$ 23,098,903	\$ 26,576,105	\$ 42,564,997	\$ 226,685,715	\$ -	\$ 226,685,715
Amortization of entrance fees	11,603,856	1,469,743	-	-	2,441,389	5,482,213	4,871,180	25,868,381	-	25,868,381
Total resident services	114,947,686	25,668,764	-	6,902,859	25,540,292	32,058,318	47,436,177	252,554,096	-	252,554,096
Contributions, gifts and bequests	138,829	114,065	-	12,880	188,697	6,087	5,315	465,873	-	465,873
Other revenues	-	-	-	-	-	-	331,480	331,480	-	331,480
Net assets released from restrictions	203,334	27,745	-	10,538	(13,353)	27,754	14,585	270,603	-	270,603
Total operating revenues and other support	115,289,849	25,810,574	-	6,926,277	25,715,636	32,092,159	47,787,557	253,622,052	-	253,622,052
Expenses:										
Nursing services	31,173,327	9,531,473	-	1,150,062	8,809,147	6,629,253	11,499,908	68,793,170	-	68,793,170
Rehabilitation	4,102,772	1,397,129	-	-	1,761,126	989,938	1,632,737	9,883,702	-	9,883,702
Recreation and special services	1,927,309	514,372	-	81,562	487,628	686,634	1,007,291	4,704,796	-	4,704,796
Pharmacy	1,046,586	461,195	-	10,924	232,225	230,398	426,097	2,407,425	-	2,407,425
Social services	491,563	146,669	-	-	104,839	118,003	193,654	1,054,728	-	1,054,728
Physician services	200,875	60,000	-	2,250	30,000	29,250	39,174	361,549	-	361,549
Food Services	12,644,347	3,092,615	-	712,480	2,387,495	4,233,630	5,917,386	28,987,953	-	28,987,953
Building operations and maintenance	16,458,678	3,475,401	-	1,433,472	3,652,286	6,169,327	6,209,744	37,398,908	-	37,398,908
Housekeeping	2,134,727	374,043	-	29,000	296,880	739,491	1,241,551	4,815,692	-	4,815,692
Laundry and linen	452,035	181,295	-	-	202,267	209,139	250,752	1,295,488	-	1,295,488
Management and general	17,077,878	4,453,300	54,088	1,102,908	3,563,104	4,523,000	5,816,334	36,590,612	-	36,590,612
Employee benefits	5,109,126	941,246	-	150,840	1,256,352	929,534	1,769,626	10,156,724	-	10,156,724
Interest	7,625,850	796,165	-	1,182,099	943,351	1,110,569	4,549,498	16,207,532	(17,798)	16,189,734
Depreciation	15,844,027	2,166,122	-	1,222,878	2,672,704	5,029,867	2,659,361	29,594,959	-	29,594,959
Amortization	-	-	-	-	-	141,301	3,010,774	3,152,075	-	3,152,075
Fundraising	295,049	71,289	-	18,638	65,121	92,865	121,537	664,499	-	664,499
Total expenses before nonrecurring expenses	116,584,149	27,662,314	54,088	7,097,113	26,464,525	31,862,199	46,345,424	256,069,812	(17,798)	256,052,014
Operating (loss) income before other gains and losses	(1,294,300)	(1,851,740)	(54,088)	(170,836)	(748,889)	229,960	1,442,133	(2,447,760)	17,798	(2,429,962)
Gain on sale of community and disposals of property and equipment	71,963	(143,541)	-	-	-	-	(44,830)	(116,408)	-	(116,408)
Operating (loss) income	(1,222,337)	(1,995,281)	(54,088)	(170,836)	(748,889)	229,960	1,397,303	(2,564,168)	17,798	(2,546,370)
Other income:										
Investment income	2,522,420	759,712	1,331,047	202,119	621,142	700,844	174,695	6,311,979	(97,441)	6,214,538
Realized gain on investments	51,024	(24,998)	1,339,549	53,731	36,036	(17,540)	-	1,437,802	(27,772)	1,410,030
Unrealized gain on investments	1,618,885	2,358,967	(252,836)	809,291	1,396,183	3,151,089	502,005	9,583,584	107,415	9,690,999
Total other income	4,192,329	3,093,681	2,417,760	1,065,141	2,053,361	3,834,393	676,700	17,333,365	(17,798)	17,315,567
Revenues in excess of expenses	2,969,992	1,098,400	2,363,672	894,305	1,304,472	4,064,353	2,074,003	14,769,197	-	14,769,197
Net assets released from restrictions for property and equipment	51,599	-	-	-	103,909	-	751,064	906,572	-	906,572
Change in net assets without donor restrictions	3,021,591	1,098,400	2,363,672	894,305	1,408,381	4,064,353	2,825,067	15,675,769	-	15,675,769
Net Assets With Donor Restrictions										
Contributions, gifts and bequests	386,736	193,927	-	24,097	58,088	64,037	218,051	944,936	-	944,936
Investment income, net of investment expense	97,789	563	-	-	1,297	9,952	-	109,601	-	109,601
Unrealized gain on investments	959,904	62,612	543,797	61,841	177,007	185,353	-	1,990,514	(543,797)	1,446,717
Net assets released from restrictions	(254,933)	(27,745)	-	(10,538)	(90,556)	(27,754)	(765,649)	(1,177,175)	-	(1,177,175)
Change in net assets with donor restrictions	1,189,496	229,357	543,797	75,400	145,836	231,588	(547,598)	1,867,876	(543,797)	1,324,079
Change in net assets	4,211,087	1,327,757	2,907,469	969,705	1,554,217	4,295,941	2,277,469	17,543,645	(543,797)	16,999,848
Net Assets, Beginning	64,769,038	47,107,332	75,676,188	(2,574,010)	23,873,616	32,576,063	5,354,389	246,782,616	(2,952,113)	243,830,503
Net Assets, Ending	\$ 68,980,125	\$ 48,435,089	\$ 78,583,657	\$ (1,604,305)	\$ 25,427,833	\$ 36,872,004	\$ 7,631,858	\$ 264,326,261	\$ (3,495,910)	\$ 260,830,351

Presbyterian Homes Obligated Group

Statutory Minimum Liquid Reserves Schedule
December 31, 2025

	Presbyterian Homes, Inc.	Presbyterian Homes in the Presbytery of Huntingdon	Quincy Retirement Community	Cathedral Village	Pine Run Village	Obligated Group Subtotal
2026 Budgeted operating expenses	\$ 120,466,226	\$ 29,089,194	\$ 27,755,572	\$ 31,783,746	\$ 48,183,056	
Less depreciation expense	17,007,476	2,421,572	3,130,385	5,114,875	2,907,374	
Expenses subject to minimum liquid assets requirement	103,458,750	26,667,622	24,625,187	26,668,871	45,275,682	
Percentage of residents subject to continuing-care agreements as of December 31, 2025	51%	44%	54%	83%	58%	
	52,763,963	11,733,754	13,297,601	22,135,163	26,259,896	
Statutory requirement	10%	10%	10%	10%	10%	
Statutory minimum liquid reserve requirement, operating expenses (a)	<u>\$ 5,276,396</u>	<u>\$ 1,173,375</u>	<u>\$ 1,329,760</u>	<u>\$ 2,213,516</u>	<u>\$ 2,625,990</u>	
Next 12 months debt service payments: Total debt service for next 12 months	\$ 11,341,513	\$ 1,260,402	\$ 1,544,849	\$ 2,425,549	\$ 5,817,606	
Percentage of residents subject to residence and care agreements as of December 31, 2025	51%	44%	54%	83%	58%	
Statutory minimum liquid reserve requirement, debt service (b)	<u>\$ 5,784,172</u>	<u>\$ 554,577</u>	<u>\$ 834,218</u>	<u>\$ 2,013,206</u>	<u>\$ 3,374,211</u>	
Statutory minimum liquid reserve, greater of (a) or (b)	<u>\$ 5,784,172</u>	<u>\$ 1,173,375</u>	<u>\$ 1,329,760</u>	<u>\$ 2,213,516</u>	<u>\$ 3,374,211</u>	<u>\$ 13,875,034</u>