Disclosure Statement for

Homewood Living Plum Creek, Inc.

A Continuing Care Retirement Community

Located at:
425 Westminster Avenue
Hanover, PA 17331
Phone: (717) 637-4166

Effective Date of Disclosure Statement: April 2026

This Disclosure Statement is not a contract, and the Provider reserves all rights to amend, revise, update and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

The issuance of a certificate of authority from the Pennsylvania Insurance Department does not constitute approval, recommendation or endorsement of the facility by the department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this disclosure statement.

Important Information to Prospective Residents

Pursuant to the Pennsylvania Continuing Care Provider Registration and Disclosure Act, 40 P.S. Section 3207 et. sec., (the "Act") this Disclosure Statement is being delivered to you at the time of or prior to your execution of a "Residency Agreement," or at the time of or prior to your payment of any money to Homewood Living Plum Creek, Inc. A copy of the Residency Agreement is attached. Your receipt of this Disclosure Statement creates no obligation on your part to execute and deliver the Residency Agreement to Homewood Living Plum Creek, Inc., nor does it create any obligation on the part of Homewood Living Plum Creek, Inc.

This Disclosure Statement contains a fair summary of the material enclosed and other terms of the documents purported to be summarized. This Disclosure statement is furnished to prospective residents and their representatives and may not be relied upon by any other person.

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EXHIBIT A – RESIDENCY AGREEMENT

EXHIBIT B – AMORTIZATION SCHEDULE/CONTRACT PREMIUMS

EXHIBIT C – RATE SCHEDULE FOR PERSONAL CARE & NURSING CARE SERVICES & FIVE-YEAR COMPARISON OF FEE INCREASES FOR EACH HOMEWOOD CONTINUING CARE RETIREMENT COMMUNITY LOCATED IN THE COMMONWEALTH OF PENNSYLVANIA

EXHIBIT D – AVERAGE ANNUAL COST OF PROVIDING CARE & SERVICES DURING THE MOST RECENT 12 MONTHS

EXHIBIT E – AUDITED FINANCIAL STATEMENTS

HOMEWOOD LIVING PLUM CREEK, Inc.
SUMMARY OF DISCLOSURE STATEMENT

The following summary is qualified in its entirety by more detailed information appearing elsewhere and referred to in this Disclosure Statement and in the Residency Agreement attached to this Disclosure Statement.

1. NAME AND ADDRESS OF FACILITY

Homewood Living Plum Creek, Inc.
425 Westminster Avenue
Hanover, PA 17331
Telephone No: (717) 637-4166

2. NAME AND ADDRESS OF LICENSED PROVIDER

Homewood Living Plum Creek, Inc.
425 Westminster Avenue
Hanover, PA 17331
Telephone No: (717) 637-4166

3. NAME, LOCATION, AND TELEPHONE NUMBER OF PERSON TO CONTACT FOR ADMISSIONS

Samuel Nicholson, Associate Director of Sales and Marketing
Homewood Living Plum Creek, Inc.
425 Westminster Avenue
Hanover, PA 17331
Telephone No: (717) 637-4166

4. DESCRIPTION OF PHYSICAL PROPERTY

Homewood Living Plum Creek, Inc., ("Plum Creek") is a non-profit Maryland corporation that is registered to do business in Pennsylvania. As a non-profit whose mission is to honor Christ through faithful service to seniors and one another, Plum Creek operates as a continuing care retirement community ("CCRC") which is located on a 288-acre parcel in a suburban setting in York and Adams County, Pennsylvania. The Plum Creek campus currently consists of 298 residential living units (233 cottages and villas and 65 apartments), 95 personal care rooms and 120 nursing care beds (60 of the 120 nursing care beds are designated for memory care patients). The campus is designed with a Townhall where administrative offices, small shops, therapy, medical suites and dining rooms are located. In addition, a community center contains administration offices, a bank, a store, dining rooms, activity areas and a wellness center. Parking for residents is provided.

Community Expansion Plans

Homewood has acquired approximately 200 acres of additional land contiguous to the existing

community. The organization has adopted a long-term master plan providing for the phased development of the property over an estimated 20-year period. The master plan contemplates four phases of residential development, which may include villas, carriage homes, cottages, and apartment units.

Phase One of the master plan is currently projected to commence in or about 2027 and is expected to include a cultural arts center and a limited number of villa and carriage home residences. The timing, scope, and completion of Phase One and any subsequent phases are subject to change based upon market conditions, financing, regulatory approvals, and other factors.

5. MINIMUM AGE FOR ADMISSION

Minimum Age – 55

No exceptions for spouses/companions.

Plum Creek is designed primarily for persons over age 70.

If the resident is not yet 70 years old on the date of execution of the Residency Agreement, the resident will be charged an additional premium for each year under 70 years of age (per Premium Amortization Schedule), however, the minimum age for admission is 55 years old. The premium charged ranges from an additional 1% to 66% of the current Entrance Fee. The amortization of this additional premium will begin on the date of occupancy and will amortize monthly over a period of 50 months. The additional premium is amortized separately from the Entrance Fee amount, which is also amortized over a period of 50 months. The premium is due on the date of occupancy.

In situations of double occupancy, the additional premium is applicable only to the younger co-resident.

6. STATEMENT OF PROVIDER'S AFFILIATION WITH RELIGIOUS, CHARITABLE, OR OTHER NON-PROFIT ORGANIZATIONS

Plum Creek is an affiliate of Homewood Living Ministries, Inc. ("Homewood"), a Christian ministry providing housing, health care, and other services to residents and other clients in Pennsylvania and Maryland regardless of race, color, familial status, national origin, gender, religion, disability, sexual orientation, gender identification, marital status, source of income, or genetic information. Age requirements are in accordance with laws governing senior housing and continuing care retirement communities. Homewood Living Plum Creek is one of six wholly-owned subsidiaries of Homewood, a Maryland charitable, non-profit corporate system, controlled by Homewood. Other affiliated entities that are part of the Homewood, charitable, non-profit corporate system are as follows:

- Homewood Living Foundation, Inc.
- Homewood Living Martinsburg, Inc.
- Homewood Living Williamsport, Inc.

- Homewood Living Frederick, Inc.
- Homewood Living Spring House, Inc.

Homewood is an independent charitable, non-profit corporation that was created in 1932.

Neither Plum Creek nor any other affiliate of Homewood, or any other person or entity is responsible for the operational liabilities of Plum Creek or the fulfillment of its anticipated contractual obligations to its residents.

7. STATEMENT OF CURRENT RESIDENT POPULATION

Current resident population is as follows:

- Residential Living 413
- Residents Personal Care 83
- Residents Nursing Care 98
- Residents Total 594

8. SAMPLE OF ENTRANCE AND MONTHLY SERVICE FEES

Apartments	Square Footage	50 Month Declining Balance Single Entrance Fee	Single Monthly Service Fee	50 Month Declining Balance Couple Entrance Fee	Couple Monthly Service Fee
Type 1 BR/D	997	$261,300	$1,251	$287,400	$1,752
Type 2 BR	1,225	$299,600	$1,308	$329,600	$1,809
Type 3 2BRw/D	1,414	$354,400	$1,382	$389,800	$1,883

Cottages/Villas	Square Footage	50 Month Declining Balance Single Entrance Fee	Single Monthly Service Fee	50 Month Declining Balance Couple Entrance Fee	Couple Monthly Service Fee
1 Bedroom/Den	905	$238,500	$1,041	$262,400	$1,542
2 Bedroom/2 Bath	1,015	$253,200	$1,062	$278,500	$1,563
2 Bedroom/Den/2 Bath	1,232	$284,900	$1,097	$313,400	$1,598
2 Bedroom/Den – S.R.	1,400	$316,600	$1,097	$348,300	$1,598
Duplex Unit	1,915	$427,100	$1,427	$469,800	$1,928
Triplex End Unit	1,915	$427,100	$1,427	$469,800	$1,928
Triplex Middle Unit	1,800	$410,600	$1,400	$451,700	$1,901
Duplex Unit	1,530	$4040,100	$1,400	$444,500	$1,901

Apartments	Square Footage	50% Refundable Single Entrance Fee	Single Monthly Service Fee	50% Refundable Couple Entrance Fee	Couple Monthly Service Fee
Type 1 BR/D	997	$364,600	$1,251	$401,100	$1,752
Type 2 BR	1,225	$418,000	$1,308	$459,800	$1,809
Type 3 2BRw/D	1,414	$494,400	$1,382	$543,900	$1,883

Cottages/Villas	Square Footage	50 % Refundable Single Entrance Fee	Single Monthly Service Fee	50 % Refundable Couple Entrance Fee	Couple Monthly Service Fee
1 Bedroom/Den	905	$332,800	$1,041	$366,100	$1,542
2 Bedroom/2 Bath	1,015	$353,300	$1,062	$388,700	$1,563
2 Bedroom/Den/2 Bath	1,232	$397,500	$1,097	$437,300	$1,598
2 Bedroom/Den – S.R.	1,400	$441,700	$1,097	$485,900	$1,598
Duplex Unit	1,915	$595,900	$1,427	$655,500	$1,928
Triplex End Unit	1,915	$595,900	$1,427	$655,500	$1,928
Triplex Middle Unit	1,800	$572,800	$1,400	$630,100	$1,901
Duplex Unit	1,530	$563,800	$1,400	$620,200	$1,901

Minimum Dining Room Fees

Cluster Cottages & Villas	$137.00 per person per month
Luxury Apartments	$170.00 per person per month

For full details on the Entrance and Monthly Service Fees refer to the Disclosure Statement and Residency Agreement.

9. REFUND OF ENTRANCE FEES

Plum Creek offers two Entrance Fee options:

Option 1 consists of a pre-paid Entrance Fee and a Monthly Service Fee. The Entrance Fee is amortized over a 50-month period. At the end of the amortization period, the resident will not be entitled to any portion of the Entrance Fee. The portion of an Entrance Fee, if any, that is not amortized shall be payable upon termination of the Residency Agreement unless otherwise utilized to create a Health Care Credit in accordance with the Residency Agreement.

Option 2 consists of a higher pre-paid Entrance Fee, as compared to Option 1, and a Monthly Service Fee. Under this option, the resident will be entitled to a refund of 50% of the Entrance Fee. The portion of an Entrance Fee, if any, that is not amortized shall be payable upon termination of the Residency Agreement unless otherwise utilized to create a Health Care Credit in accordance with the Residency Agreement.

10. TAX EXEMPT STATUS

Plum Creek and its affiliated entities are charitable, non-profit corporations that are exempt from payment of Federal Income Tax in accordance with Section 501 (c)(3) of the Internal Revenue Code.

HOMEWOOD LIVING PLUM CREEK, Inc.
DISCLOSURE STATEMENT

This Disclosure Statement contains a fair summary of the documents enclosed and of the terms of the documents purported to be summarized.

RESPONSES TO SECTION 7 OF PENNSYLVANIA ACT 82

Note: Item numbers correspond to paragraphs of Pennsylvania Act 82, Section 7, which sets out the requirements for this Disclosure Statement:

1. NAME AND ADDRESS OF PROVIDER

Homewood Living Plum Creek, Inc.
425 Westminster Avenue
Hanover, PA 17331

Telephone No: (717) 637-4166

Homewood Living Plum Creek, Inc., ("Plum Creek") is a non-profit Maryland corporation, registered to do business in Pennsylvania, that provides a continuum of services consisting of residential housing for the elderly, personal care, and nursing care services.

2. LOCATION AND DESCRIPTION

Plum Creek is located on a 288-acre parcel in a suburban setting in York and Adams County, Pennsylvania. The Plum Creek campus currently consists of 298 residential living units (233 cottages and villas and 65 apartments), 95 personal care rooms and 120 nursing care beds (60 of the 120 nursing care beds designated for Alzheimer/dementia patients). The campus is designed with a Townhall where administrative offices, small shops, therapy, medical suites and dining rooms are located. In addition, a community center contains administration offices, a bank, a pharmacy, a store, dining rooms, activity areas and a wellness center. Ample parking for residents is provided.

3. NAMES AND ADDRESS OF OFFICERS, DIRECTORS, TRUSTEES, MANAGING OR GENERAL PARTNERS

The business, property, and affairs of Homewood Living Plum Creek are managed by the Board of Directors, which acts only as a Board. Individual Directors have no authority to act in their individual capacities. The number of Directors shall be determined by action of the Board of Directors and shall not be fewer than five or more than nine.

Subject to guidelines established by the parent corporation's Board of Trustees, Homewood Living Ministries, Inc., the Homewood Living Plum Creek Board of Directors is responsible for overseeing the fulfillment of the stated mission, management oversight, fiscal affairs, legal and regulatory compliance, resident and staff satisfaction, charitable activities, and the planning and

execution of the organization's strategic objectives.

In addition, the Board reviews and recommends to the Homewood Living Ministries Board of Trustees items such as budgets, strategic plans, construction projects, financings, policies, proposed changes to the bylaws or articles of incorporation, and board appointments.

PLUM CREEK BOARD OF DIRECTORS

Douglas Becker (Chairman of the Board)
709 Washington Ave.
Hanover, PA 17331

G. Steven McKonly
104 Eichelberger Street
Hanover, PA 17331

Karen Haines
22 Firmin Way
Hanover, PA 17331

Doug Myer
2670 White Oak Road
Strasburg, PA 17579

Wendy Crampton
16107 Elliott Parkway
Williamsport, MD 21795

John Livelsberger
738 Sweet Pea Lane
Hanover, PA 17331

Richard Miller
16107 Elliott Parkway
Williamsport, MD 21795

Thad Rothrock
16107 Elliott Parkway
Williamsport, MD 21795

PLUM CREEK CORPORATE OFFICERS

Richard Miller
16107 Elliott Parkway
Williamsport, MD 21795

President

Wendy Crampton
16107 Elliott Parkway
Williamsport, MD 21795

Secretary/Treasurer

4. BUSINESS AND EXPERIENCE OF, ACQUISITION OF GOODS AND SERVICES FROM, AND CRIMINAL, CIVIL AND REGULATORY PROCEEDINGS AGAINST, PROVIDER AND THE RELATED PERSONS.

A. A description of the business experience of the Provider and the related persons in the operation or management of facilities similar to Plum Creek.

1. Experience of Provider

Plum Creek is an affiliate of Homewood Living Ministries, Inc. ("Homewood"),

a Christian ministry and charitable, non-profit corporate system, controlled by Homewood. Homewood is a non-stock, non-profit Maryland corporation registered to do business in Pennsylvania and the sole member of Plum Creek. Homewood provides administrative and fiscal services to all its affiliates within its controlled non-profit corporate system, and coordinates the total operations of Plum Creek and the following separate legal entities under Homewood's strategic control:

- **Homewood Living Foundation, Inc.** manages the charitable funds of the corporate system.

- **Homewood Living Williamsport, Inc.** is the owner and operator of a Continuing Care Retirement Community which is located on 28 acres in Williamsport, MD. Homewood Living Williamsport has been serving the needs of the elderly since 1932. Current resident population is as follows:

  230 residential living
  49 assisted living
  78 nursing care

- **Homewood Living Martinsburg, Inc.** is the owner and operator of a Continuing Care Retirement Community in Martinsburg, PA. Current resident population is as follows:

  151 residential living
  76 personal care
  110 nursing care

- **Homewood Living Frederick, Inc.** is the owner and operator of a Continuing Care Retirement Community located in the rolling farmland surrounding the city of Frederick, Maryland. Current resident population is as follows:

  544 residential living
  55 assisted living
  83 nursing care

- **Homewood Living Spring House, Inc.** is the owner and operator of a Continuing Care Retirement Community located in Everett, PA which consists of 118 residential living cottages and apartments, and 26 personal care units. Current resident population is as follows:

  118 residential living

31 personal care

Each of the above entities are separate corporations and are accounted for separately for financial reporting purposes. The interdependence has provided increased organizational strength and benefits from market diversity and reduced operating costs for each unit by using consolidated administrative support.

Homewood has had support through its volunteer auxiliary which currently includes more than 1,366 members. Since 1951, the auxiliary membership has averaged 2,495 members annually from 53 churches in the Maryland, and Pennsylvania region. The auxiliary membership provides a strong communication, marketing and volunteer network.

2. Management Agreement

Homewood provides administrative and management services to Plum Creek which include billing, payroll, accounts payable, education, and human resources. As compensation for its services, Homewood receives a management fee equal to a percentage of Plum Creek's total operating revenues. Management fees are payable each month in arrears.

3. Experience of Management Personnel

THAD ROTHROCK graduated in 1998 with a bachelor's degree in organizational management from Goshen College, Indiana. He obtained a master's degree in administration in 2000 from the University of Notre Dame, Notre Dame, Indiana. He is a licensed nursing home administrator in Indiana.

Mr. Rothrock joined Homewood in March 2019 as the President/CEO where he is involved in the overall management of Homewood's non-profit corporate system. Prior to joining Homewood, he was employed for the preceding 18 years as the regional operations director for the Covenant Retirement Centers in Chicago, Illinois, overseeing the operations of six non-profit communities. Further experience includes nine years in operations at Grace Village Retirement Community, Winona Lake, Indiana, a 250-resident continuing care retirement community.

RICHARD MILLER graduated in 1993 with a bachelor's degree from Point Loma Nazarene University, San Diego, CA. He is a licensed nursing home administrator in California.

Mr. Miller joined Homewood as Vice President of Operations/COO in January 2021. He is responsible for the overall management of operations at all five retirement communities. Prior to joining Homewood, he was employed with Covenant Living Communities where he held several different positions during his 13-year tenure. Most recently serving as regional director of operations

and formerly holding positions as executive director, nursing home administrator, assisted living director, and social worker. Mr. Miller's experience also includes four years as executive director with Ohio Living in Westerville, Ohio, and five years' experience as executive director with Lutheran Homes, located in Columbia, South Carolina.

WENDY CRAMPTON graduated in 1996 with a bachelor's degree in accounting from Shippensburg University in Pennsylvania. She has been a licensed certified public accountant since 1998. She is a member of the Pennsylvania Institute of Certified Public Accountants.

Ms. Crampton joined Homewood in August 2000 as Controller and assumed the role of Vice President of Finance and Chief Financial Officer in March 2019. In that capacity she has assumed responsibility for the financial operations of Homewood and various affiliates within Homewood's non- profit corporate system. Prior to joining Homewood, Ms. Crampton was employed as an auditor with KPMG in Harrisburg, Pennsylvania and Smith Elliott Kearns & Company in Hagerstown, Maryland.

KAREN HAINES, Executive Director, received her bachelor's degree in nursing with Presidential Honors in 2009 from Chamberlain College of Nursing. In 2013 Ms. Haines received her master's degree in nursing with a major in nursing education from Walden University.

Ms. Haines joined Homewood in 1990 as a Registered Nurse with other responsibilities to include staff development, assistant director of nursing, and then becoming director of nursing in 1997. Ms. Haines was responsible for the direction and coordination of all levels of nursing care on the Homewood campus. Most of her nursing career has been strongly focused in the care of seniors. Since 1992 she has been board certified as a gerontological nurse.

Ms. Haines became licensed as a Nursing Home Administrator in 2017 and assumed the nursing home administrator/executive director role at Homewood Living Plum Creek in 2018. Ms. Haines's long tenure with Homewood gives her an appreciation and insight into Homewood's culture and mission.

B. The names and addresses of firms in which the Related Persons hold a 10 percent or greater interest and the names and addresses of firms which have a 10 percent or greater interest in Homewood and which, in either case, will or may provide goods, leases or services to the facility of a value of $500.00 or more, within any year, and specific information about the services:

NONE

C. Descriptions of certain types of criminal, civil or administrative charges, convictions, injunctions or suspensions of licenses:

1. A description of any matter in which the Provider or any Related Person has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property.

NONE

2. A description of any matter in which the Provider or any Related Person is subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years had any State or Federal license or permit 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 health care, including, without limitation, actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under the Pennsylvania Continuing Care Provider Registration and Disclosure Act or a similar act in another state.

NONE

5. AFFILIATIONS WITH RELIGIOUS, CHARITABLE, OR OTHER NON-PROFIT ORGANIZATIONS & TAX STATUS OF PROVIDER

A. Plum Creek is an affiliate of Homewood, a Christian ministry and charitable, non-profit corporate system, controlled by Homewood. Other affiliated entities that are part of the Homewood, charitable, non-profit corporate system are as follows:

- Homewood Living Foundation, Inc.
- Homewood Living Martinsburg, Inc.
- Homewood Living Williamsport, Inc.
- Homewood Living Frederick, Inc.
- Homewood Living Spring House, Inc.

Plum Creek and Homewood are mission driven organizations. The members of the Board of Directors of Plum Creek are appointed by Homewood Board of Trustees.

B. Homewood, Plum Creek, and its affiliated entities, are charitable, non-profit corporations that are exempt from the payment of federal income tax under section 501(c)(3) of the Internal Revenue Code.

Neither Plum Creek nor any other affiliate of Homewood, or any other person or entity is responsible for the operational liabilities of Plum Creek or the fulfillment of its anticipated contractual obligations to its residents.

6. SERVICES PROVIDED UNDER RESIDENCY AGREEMENT

Each resident enters into a Residency Agreement with Plum Creek which entitles such resident, subject to the terms and conditions of the Residency Agreement, to the occupancy of the cottage or apartment selected by such resident and the services specified in the Residency Agreement. Only residential services are provided to residents under the Residency Agreements. No nursing care services, personal care services, or other health care services are covered under the Residency Agreement. Any resident of Plum Creek who applies for admission to the nursing care center or personal care center, is given preference in order of admission over anyone else, but only if it is determined that Plum Creek is able to provide appropriate care to the resident and the resident can satisfy all of the other requirements for admission.

A. The Monthly Service Fee includes the following items:

1. Exterior maintenance of the structure including the roof
2. Interior maintenance such as painting, carpet, etc.
3. Repairs on all appliances supplied
4. Maintenance of seeded and landscaped areas
5. Street and parking areas maintained
6. Snow removal from streets and common sidewalks
7. Trash removal on a scheduled basis
8. Security lighting including parking areas
9. Water and sewer fees
10. Real estate taxes
11. Access to activity and recreational facilities
12. Emergency Response System
13. Pest control

B. The following items are the responsibility of the resident to contract and pay for:

1. Electricity
2. Gas (Villas only)
3. Cable television
4. Telephone
5. Medical and/or nursing care services
6. Transportation
7. Internet

C. The following services are provided by Plum Creek for an additional fee:

1. Nursing Services
    - Routine Services (licensed nurse): $68.00 per hour
    - Emergency Services (licensed nurse): $74.00 per hour
2. Housekeeping - $39.00 per hour
3. Laundry - $5.00 per pound
4. Maintenance of personal property - $45.00 per hour

5. Meals– monthly minimum per person:
    - Cottages: $137.00
    - Apartments: $170.00
6. Catering for anniversaries and other special events

The service fees are subject to change.

7. FEES REQUIRED OF RESIDENTS

A. APPLICATION FEE A non-refundable application fee of $100.00 is required at the time of submission of an application by a prospective resident.

B. ENTRANCE FEE Continuing care services are provided to residents of the residential living cottages and apartments in return for payment of an Entrance Fee and Monthly Service Fee. An Entrance Fee is a one-time fee charged to residents seeking admission to the residential living cottages or apartments. The Entrance Fees are as follows:

Homewood Living
Plum Creek

Residential Living Pricing

2026 FEES

APARTMENT FEATURES	OPTION 1 - 50 MONTH DECLINING BALANCE				
	Sq. Ft.	Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WITH SECOND PERSON	
1 Bedroom, Den	997	$261,300	$1,251	$287,400	$1,752
2 Bedrooms, 2 Bath	1,225	$299,600	$1,308	$329,600	$1,809
2 Bedrooms, 2 Bath, Den	1,414	$354,400	$1,382	$389,800	$1,883

APARTMENT FEATURES	OPTION 2 - 50% REFUNDABLE ENTRANCE FEE				
	Sq. Ft.	Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WITH SECOND PERSON	
1 Bedroom, Den	997	$364,600	$1,251	$401,100	$1,752
2 Bedrooms, 2 Bath	1,225	$418,000	$1,308	$459,800	$1,809
2 Bedrooms, 2 Bath, Den	1,414	$494,400	$1,382	$543,900	$1,883

Monthly Service Fee Includes: Water, sewer, trash removal, lawn care, snow removal, interior and exterior maintenance, repair / replacement of appliances, pest control, real estate taxes, emergency call system, Chaplain services, fitness center, heated pool and spa, and use of all amenities.

Dining Program: A monthly minimum charge for meals for the Apartments is $170 per resident.

Resident Responsibilities: Electric, gas (villas only), telephone, internet, and cable

Services for an additional fee: Personal transportation, salon services, assisted living, health care, and therapy services.

*Refer to the lease agreement for specific refund information. Please note there is an age surcharge for anyone under age 70.

Homewood Living
Plum Creek

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2026 FEES

COTTAGE FEATURES	OPTION 1 - 50 MONTH DECLINING BALANCE				
	Sq. Ft.	Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WITH SECOND PERSON	
1 Bedroom, Den	905	$238,500	$1,041	$262,400	$1,542
2 Bedrooms, 2 Bath	1,014	$253,200	$1,062	$278,500	$1,563
2 Bedrooms, 2 Bath, Den	1,232	$284,900	$1,097	$313,400	$1,598
2 Bedrooms, 2 Bath, Den, Sunroom**	1,400	$316,600	$1,097	$348,300	$1,598

COTTAGE FEATURES	OPTION 2 - 50% REFUNDABLE ENTRANCE FEE				
	Sq. Ft.	Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WITH SECOND PERSON	
1 Bedroom, Den	905	$332,800	$1,041	$366,100	$1,542
2 Bedrooms, 2 Bath	1,014	$353,300	$1,062	$388,700	$1,563
2 Bedrooms, 2 Bath, Den	1,232	$397,500	$1,097	$437,300	$1,598
2 Bedrooms, 2 Bath, Den, Sunroom**	1,400	$441,700	$1,097	$485,900	$1,598

***Please note - only four cottages have sunrooms.*

Monthly Service Fee Includes: Water, sewer, trash removal, lawn care, snow removal, interior and exterior maintenance, repair / replacement of appliances, pest control, real estate taxes, emergency call system, Chaplain services, fitness center, heated pool and spa, and use of all amenities.

Dining Program: There is a monthly minimum charge for meals for the Cottages of $137 per resident.

Resident Responsibilities: Electric, gas (villas only), telephone, internet, and cable

Services for an additional fee: Personal transportation, salon services, assisted living, health care, and therapy services.

*Refer to the lease agreement for specific refund information. Please note there is an age surcharge for anyone under age 70.

Homewood Living
Plum Creek

Residential Living Pricing

2026 FEES

COTTAGES	RENTAL (includes Monthly Service and Amenity Fee)		
	Sq. Ft.	SINGLE	COUPLE
1 Bedroom, Den	905	$3,131	$3,632
2 Bedrooms, 2 Bath	1,014	$3,285	$3,786
2 Bedrooms, 2 Bath, Den	1,232	$3,598	$4,099
2 Bedrooms, 2 Bath, Den, Sunroom**	1,400	$3,871	$4,372

APARTMENTS	RENTAL (includes Monthly Service and Amenity Fee)		
	Sq. Ft.	SINGLE	COUPLE
1 Bedroom, Den	997	$3,541	$4,042
2 Bedrooms, 2 Bath	1,225	$3,936	$4,437
2 Bedrooms, 2 Bath, Den	1,414	$4,490	$4,991

**Prices vary based on specific unit features. **Please note - only four cottages have sunrooms.*

Monthly Fee Includes: Water, sewer, trash removal, lawn care, snow removal, interior and exterior maintenance, repair / replacement of appliances, pest control, real estate taxes, emergency call system, Chaplain services, fitness center, heated pool and spa, and use of all amenities.

Dining Program: A monthly minimum charge for meals is $137 for Cottages and $170 for Apartments per resident.

Resident Responsibilities: Electric, gas (villas only), telephone, internet, and cable

*Refer to the lease agreement for specific refund information.
Please note there is an age surcharge for anyone under age 70.

Homewood Living
Plum Creek

Residential Living Pricing

2026 FEES

VILLAS	Sq. Ft.	OPTION 1 - 50 MONTH DECLINING BALANCE			
		Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WITH SECOND PERSON	
MEADOWLAND A/B 2 BEDROOMS					
1CAR, STDFP	1,530	$404,100	$1,400	$444,500	$1,901
1CAR, SP	1,530	$416,400	$1,400	$458,000	$1,901
1CAR,SP, FP	1,530	$424,100	$1,400	$466,500	$1,901
1CAR, BN	1,619	$419,800	$1,400	$461,800	$1,901
1CAR, SP, BN	1,619	$432,100	$1,400	$475,300	$1,901
1CAR, SR	1,707	$431,000	$1,400	$474,100	$1,901
1CAR, SR, FP	1,707	$438,700	$1,400	$482,600	$1,901
2 CAR	1,530	$424,900	$1,400	$467,400	$1,901
2 CAR, SP, FP	1,530	$444,900	$1,400	$489,400	$1,901
SR, 2 CAR	1,707	$451,800	$1,400	$497,000	$1,901
SR, 2 CAR, BN, FP	1,796	$475,200	$1,400	$522,700	$1,901
WHEATLAND B 2 BEDROOMS, DEN					
1CAR, STDFP	1,800	$410,600	$1,400	$451,700	$1,901
1CAR, FP	1,800	$418,300	$1,400	$460,100	$1,901
1CAR, SP	1,800	$422,900	$1,400	$465,200	$1,901
1CAR, SR	2,034	$437,500	$1,400	$481,300	$1,901
1CAR, SR, FP	2,034	$445,200	$1,400	$489,700	$1,901

SPECIALTY FEATURES

1CAR- 1 Car Garage	STDFP - Standard Floor Plan	BN - Breakfast Nook	SR - Sun Room
2CAR - 2 Car Garage	SP - Screened Patio	FP - Fireplace	GR - Garden Room

Homewood Living
Plum Creek

Residential Living Pricing

2026 FEES

VILLAS	Sq. Ft.	OPTION 1 - 50 MONTH DECLINING BALANCE			
		Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WITH SECOND PERSON	
LARKSPUR A/B & WHEATLAND A/C 2 BEDROOMS, DEN					
1CAR STDFP	1,915	$427,100	$1,427	$469,800	$1,928
1CAR, SP	1,915	$439,400	$1,427	$483,300	$1,928
1CAR, SP, FP	1,915	$447,100	$1,427	$491,800	$1,928
1CAR, SR	2,140	$457,400	$1,427	$503,100	$1,928
1CAR, SR, FP	2,140	$465,100	$1,427	$511,600	$1,928
1CAR, SR, BN	2,229	$473,100	$1,427	$520,400	$1,928
1CAR, SR, BN, FP	2,229	$480,800	$1,427	$528,900	$1,928
2 CAR	1,915	$447,900	$1,427	$492,700	$1,928
2 CAR, FP	1,915	$455,600	$1,427	$501,200	$1,928
2 CAR, BN	2,004	$463,600	$1,427	$510,000	$1,928
2 CAR, BN, FP	2,004	$471,300	$1,427	$518,400	$1,928
SR, 2 CAR	2,140	$478,200	$1,427	$526,000	$1,928
SR, 2 CAR, FP	2,140	$485,900	$1,427	$534,500	$1,928
GR, 2 CAR, FP	2,140	$489,000	$1,427	$537,900	$1,928
SR, 2 CAR, BN	2,229	$493,900	$1,427	$543,300	$1,928
SR, 2 CAR, BN, FP	2,229	$501,600	$1,427	$551,800	$1,928
GR, 2 CAR, BN, FP	2,229	$504,700	$1,427	$555,200	$1,928

**Prices vary based on specific unit features.*

Monthly Fee Includes: Water, sewer, trash removal, lawn care, snow removal, interior and exterior maintenance, repair / replacement of appliances, pest control, real estate taxes, emergency call system, Chaplain services, fitness center, heated pool and spa, and use of all amenities.

Dining Program: A monthly minimum charge for meals for the Villas is $137 per resident.

Resident Responsibilities: Electric, gas (villas only), telephone, internet, and cable

*Refer to the lease agreement for specific refund information.

Homewood Living
Plum Creek

Residential Living Pricing

2026 FEES

VILLAS	Sq. Ft.	OPTION 2 - 50% REFUNDABLE ENTRANCE FEE			
		Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WTIH SECOND PERSON	
MEADOWLAND A/B 2 BEDROOMS					
1CAR, STDFP	1,530	$563,800	$1,400	$620,200	$1,901
1CAR, SP	1,530	$580,900	$1,400	$639,000	$1,901
1CAR,SP, FP	1,530	$591,700	$1,400	$650,900	$1,901
1CAR, BN	1,619	$585,700	$1,400	$644,300	$1,901
1CAR, SP, BN	1,619	$602,800	$1,400	$663,100	$1,901
1CAR, SR	1,707	$601,300	$1,400	$661,500	$1,901
1CAR, SR, FP	1,707	$612,000	$1,400	$673,200	$1,901
2 CAR	1,530	$592,800	$1,400	$652,100	$1,901
2 CAR, SP, FP	1,530	$620,700	$1,400	$682,800	$1,901
SR, 2 CAR	1,707	$630,300	$1,400	$693,400	$1,901
SR, 2 CAR, BN, FP	1,796	$663,000	$1,400	$729,300	$1,901
WHEATLAND B 2 BEDROOMS, DEN					
1CAR, STDFP	1,800	$572,800	$1,400	$630,100	$1,901
1CAR, FP	1,800	$583,600	$1,400	$642,000	$1,901
1CAR, SP	1,800	$590,000	$1,400	$649,000	$1,901
1CAR, SR	2,034	$610,400	$1,400	$671,500	$1,901
1CAR, SR, FP	2,034	$621,100	$1,400	$683,300	$1,901

SPECIALTY FEATURES

1CAR- 1 Car Garage	STDFP - Standard Floor Plan	BN - Breakfast Nook	SR - Sun Room
2CAR - 2 Car Garage	SP - Screened Patio	FP - Fireplace	GR - Garden Room

Homewood Living
Plum Creek

Residential Living Pricing

2026 FEES

VILLAS		OPTION 2 - 50% REFUNDABLE ENTRANCE FEE			
	Sq. Ft.	Entrance Fee	Monthly Service Fee	Entrance Fee	Monthly Service Fee
		BASE ENTRANCE FEE		WTIH SECOND PERSON	
LARKSPUR A/B & WHEATLAND A/C 2 BEDROOMS, DEN					
1CAR STDFP	1,915	$595,900	$1,427	$655,500	$1,928
1CAR, SP	1,915	$613,000	$1,427	$674,300	$1,928
1CAR, SP, FP	1,915	$623,800	$1,427	$686,200	$1,928
1CAR, SR	2,140	$638,100	$1,427	$702,000	$1,928
1CAR, SR, FP	2,140	$648,900	$1,427	$713,800	$1,928
1CAR, SR, BN	2,229	$660,000	$1,427	$726,000	$1,928
1CAR, SR, BN, FP	2,229	$670,800	$1,427	$737,900	$1,928
2 CAR	1,915	$624,900	$1,427	$687,400	$1,928
2 CAR, FP	1,915	$635,600	$1,427	$699,200	$1,928
2 CAR, BN	2,004	$646,800	$1,427	$711,500	$1,928
2 CAR, BN, FP	2,004	$657,500	$1,427	$723,300	$1,928
SR, 2 CAR	2,140	$667,100	$1,427	$733,900	$1,928
SR, 2 CAR, FP	2,140	$677,900	$1,427	$745,700	$1,928
GR, 2 CAR, FP	2,140	$682,200	$1,427	$750,500	$1,928
SR, 2 CAR, BN	2,229	$689,000	$1,427	$757,900	$1,928
SR, 2 CAR, BN, FP	2,229	$699,800	$1,427	$769,800	$1,928
GR, 2 CAR, BN, FP	2,229	$704,100	$1,427	$774,600	$1,928

**Prices vary based on specific unit features.*

Monthly Fee Includes: Water, sewer, trash removal, lawn care, snow removal, interior and exterior maintenance, repair / replacement of appliances, pest control, real estate taxes, emergency call system, Chaplain services, fitness center, heated pool and spa, and use of all amenities.

Dining Program: A monthly minimum charge for meals for the Villas is $137 per resident.

Resident Responsibilities: Electric, gas (villas only), telephone, internet, and cable

*Refer to the lease agreement for specific refund information.

Please note there is an age surcharge for anyone under age 70.

For full details on the Entrance Fees refer to the Disclosure

Statement and Residency Agreement.

An Entrance Fee Deposit in an amount equal to 5% of a resident's Entrance Fee is due upon execution of a Residency Agreement. The remaining 95% of a resident's Entrance Fee is due on the date the resident moves into the unit (the "Occupancy Date").

C. UNDER-70 PREMIUM: If the resident is not yet 70 years old on the date of execution of the Residency Agreement, the resident will be charged an additional premium for each year under 70 years of age (per Premium Amortization Schedule), however, the minimum age for admission is 55 years old. The potential premium charge ranges from an additional 1 percent to 66 percent of the current Entrance Fee. The amortization of this additional premium will begin on the date of occupancy and will amortize monthly over a period of 50 months for Option 1 and 25 months for option 2. The additional premium is amortized separately from the Entrance Fee amount, which is also amortized over a period of 50 months for Option 1 and 25 months for Option 2. The premium is due on the date of occupancy.

In situations of double occupancy, the additional premium is applicable only to the younger co-resident.

The amortization schedule which includes the contract premiums is attached as **Exhibit B.**

D. MONTHLY SERVICE FEE

50 Month Declining Entrance Service Fee per month per unit	**Single Occupancy**	**Double Occupancy**
Cluster Cottages	$1,042 - $1,097	$1,543 - $1,598
Apartments & Villas	$1,251 -$1,427	$1,752 - $1,928

50% Refundable Entrance Service Fee per month per unit	**Single Occupancy**	**Double Occupancy**
Cluster Cottages	$1,042 - $1,097	$1,543 - $1,598
Apartments & Villas	$1,251 - $1,427	$1,752 - $1,928

For full details on the Monthly Service Fees refer to the Disclosure Statement and Residency Agreement.

E. DINING ROOM FEE

Minimum Monthly Dining Room Fee:	
Cluster Cottages & Villas	$137.00
Luxury Apartments	$170.00

Each resident is charged a minimum dining room fee each month. This charge is assessed on a per person not a per unit basis. If the charge for meals elected by a resident or two co-residents in the dining room during any month exceeds the applicable monthly minimum, such resident or residents will be responsible for the payment of all such charges. If the charge for meals elected by a resident or two co-residents in the dining room during any month is less than the applicable minimum meal charge for any month, such resident or co-residents will be charged and are still responsible for paying the monthly minimum. There is no credit provided for electing less meals than those included in the fee.

F. MONTHLY SERVICE FEES/DINING ROOM FEE ADJUSTMENTS

Plum Creek has the right to adjust the Monthly Service Fees, Dining Room Fees, and Service Fees.

If Plum Creek chooses to adjust the fees, Plum Creek will do so by providing the Resident with a written notice no later than 30 days prior to the date for which the change will be effective, except for changes required by State and Federal assistance programs.

A table showing frequency and average dollar amount of each increase in periodic fees for the previous five years for each Homewood continuing care retirement community located in the Commonwealth of Pennsylvania is attached as **EXHIBIT C.**

G. ADDITIONAL CHARGES FOR PERSONAL CARE AND NURSING CARE SERVICES

Residents will have priority access on a space-available basis, over anyone else to nursing and personal care services at Plum Creek, but only if they satisfy all criteria for admission to the nursing care or personal care center.

In the event that there is insufficient space available in the nursing care center and personal care center Plum Creek may transfer a resident to an outside facility selected by the resident or Plum Creek.

Upon admission to either the personal care center or nursing care center, residents pay the applicable daily rate for the level of care provided and must continue to pay the Monthly Service Fee for their cottage or apartment until such time as the resident

is permanently transferred. Residency Agreements signed by residents are fee-for-service contracts. If a resident requires health care in the personal care or nursing care center, an Admission Agreement is signed for that level of care and establishes the basis for charges for personal care and nursing care services. The cost for personal care or nursing care services on the Plum Creek campus is not included in the Entrance Fee or Monthly Service Fee. The fees associated with the personal care and nursing care services depend upon the type of room and/or services. A listing of current basic charges and the comparison of the last five years fee increases for each Homewood continuing care retirement community located in the Commonwealth of Pennsylvania is attached as **EXHIBIT C.**

Reference should be made to the Residency Agreement for further information.

H. IMPROVEMENTS SURCHARGE

Residents may elect to have custom improvements made to their residence. Residents requesting such custom improvements will be assessed an Improvements Surcharge, which is equal to the amount they agree to pay Plum Creek for the installation of optional custom improvements. Plum Creek requires full payment before starting work on the optional custom improvements. Residents are responsible for any cost overruns for any such optional custom improvements. The Improvement Surcharge is nonrefundable.

I. TRANSFER FEE

Residents will be charged a transfer fee when a resident requests and Plum Creek approves a transfer from one residence to another. The transfer fee is set forth in the fee schedule to the Residency Agreement. The transfer fee is assessed on all moves from one residence to another, regardless of whether the move is to a larger or smaller residence.

8. TERMINATION AND POSSIBLE REFUNDS

Prior to Occupancy:

A "Notice of Right to Rescind" form is attached to this Residency Agreement which gives the resident the right to rescind and terminate this Residency Agreement within seven days after signing it. In the event of the resident's rescission, Plum Creek will refund all amounts paid by the resident, except the application fee.

If the Residency Agreement is terminated due to resident's death prior to occupancy of the cottage or apartment or as a result of a change in the resident's physical, mental or medical condition which precludes the resident from moving into the cottage or apartment, the

resident will be entitled to a full refund of the Entrance Fee Deposit and/or the Entrance Fee paid to Plum Creek but not, if applicable, any part of the Improvements Surcharge. Upon termination of the Residency Agreement by Plum Creek or by the resident for any other reason, the resident will be entitled to receive a refund of the Entrance Fee Deposit and/or the Entrance Fee paid to Plum Creek but not, if applicable, any part of the Improvements Surcharge in accordance with provisions of the Residency Agreement.

After Occupancy:

Upon termination of the Residency Agreement by Plum Creek or by the resident for any reason, the resident will be entitled to receive a refund of that portion of the Entrance Fee which has not been amortized. Plum Creek shall have the right to deduct any amount owed Plum Creek from the refund due the resident.

The resident may elect to terminate occupancy at any time and for any reason by simply giving Plum Creek notice to that effect in writing at least 30 days prior to the date on which the resident intends to move out of the cottage. Any applicable refunds shall be made 30 days after a new resident occupies the residence and pays the full Entrance Fee.

Health Care Credit:

Any portion of the Entrance Fee which has not been amortized will become a part of any applicable refund, unless otherwise used to establish a Health Care Credit. If and when a resident permanently transfers from his or her residence to Plum Creek's Health Care Center or Personal Care Center, Plum Creek will establish a Health Care Credit in an amount equal to the refundable portion of the Entrance Fee. The Health Care Credit will be applied to pay any charges incurred by the resident for services provided by Plum Creek in its Health Care Center or Personal Care Center until the Health Care Credit is exhausted. In situations involving double occupancy, the Health Care Credit becomes available upon the permanent transfer of the last remaining co-resident to Plum Creek's Health Care Center or Personal Care Center. Any portion of the Health Care Credit remaining upon the death, discharge or voluntary departure from Plum Creek shall become available as a refund. No interest will accrue to the benefit of a resident on any amounts required to be refunded under the Residency Agreement, including the Health Care Credit, and no interest will be paid on termination.

9. RESERVE FUNDING

The Pennsylvania Department of Insurance requires Providers to maintain sufficient reserve funds related to its continuing care agreements. The Provider is required to maintain a reserve equal to or the greater of the total of all projected principal and interest payments on any mortgage or long-term debt on the facility over a 12-month period or 10% of total operating expenses excluding depreciation. The amount of the reserve shall be computed only on the portion of the financing or expenses that are applicable to the residents under a continuing care agreement as of the most recent year-end. Funds sufficient to meet such

requirements will be retained, and such amounts will be classified as operating reserves during each fiscal period.

Liquid investments held in assets whose use is limited have been designated to comply with this requirement and are reported separately as statutory reserves on the balance sheet.

To meet this requirement, Plum Creek has an operating reserve in the amount of $975,746 as of year-end 2025. The following is a summary of the statutory liquid reserve calculation, as of December 31, 2025:

	2025
10% of Projected Operation Expenses	
Projected Operating Expenses for the year ended December 31, 2026	$ 11,744,633
Less: Expenses attributable to the statutory reserve liquid assets for mortgage debt	-
Less: Depreciation and amortization expense	$ (3,016,149)
Projected Operating Costs, excluding interest and depreciation	$ 8,728,484
Reserve %	10%
Reserve Calculation - projected operating expenses	$ 872,848
Long-Term Financing	
Current Debt Service Requirements	$ 975,746
Applicable % of CCRC Residents	100%
Reserve Calculation - current debt service	$ 975,746
Conclusion - Greater of Projected Operating Expense or Current Debt Service	
Liquid Reserve Required	**$ 975,746**

Investment management decisions are the responsibility of Wendy Crampton, Homewood's Vice President of Finance. Ms. Crampton's experience is described in Section 4(A)(3) of the Disclosure Statement.

10. ENTRANCE FEE ESCROW ACCOUNT

Plum Creek uses an interest-bearing Entrance Fee Escrow Account. The Escrow Agent is the Manufacturers and Traders Trust Company, located at 25 South Charles Street, 16th Floor, Baltimore, MD 21201.

11. RESIDENTS RIGHT TO ASSOCIATION

Residents shall have the right to elect a residents' Association to represent the welfare and concerns of the residents.

12. QUARTERLY MEETINGS WITH RESIDENTS

The Executive Director or his/her designee will hold quarterly meetings the purpose of a free discussion of subjects, which may include the income and expenditures of the Community and related financial matters, as well as proposed changes in policies, programs and services. All residents will be given at least seven days advance notice of the quarterly meetings.

13. AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost for providing services from the previous operating fiscal period is attached as **EXHIBIT D.**

14. CERTIFIED FINANCIAL STATEMENTS

Since Plum Creek is part of a controlled non-profit corporation system, financial operations are audited as part of a consolidated audit of this corporate system. Homewood's consolidated audited financial statements for December 31, 2025 are attached hereto as **EXHIBIT E.** The statements were prepared in accordance with generally accepted accounting standards. They have been audited by the public accounting firm of Smith Elliott Kearns & Company, LLC.

Homewood Living Plum Creek, Inc.

Exhibit A. Residency Agreement

Homewood Living Plum Creek, Inc.

Exhibit B. Amortization Schedule/Contract Premiums

Age at Time of Occupancy	Contract Premium	Option 1 Amortization Period	Option 2 Amortization Period
55	66% of Entrance Fee	50 months	25 months
56	56% of Entrance Fee	50 months	25 months
57	46% of Entrance Fee	50 months	25 months
58	36% of Entrance Fee	50 months	25 months
59	26% of Entrance Fee	50 months	25 months
60	16% of Entrance Fee	50 months	25 months
61	14% of Entrance Fee	50 months	25 months
62	12% of Entrance Fee	50 months	25 months
63	10% of Entrance Fee	50 months	25 months
64	8% of Entrance Fee	50 months	25 months
65	6% of Entrance Fee	50 months	25 months
66	4% of Entrance Fee	50 months	25 months
67	3% of Entrance Fee	50 months	25 months
68	2% of Entrance Fee	50 months	25 months
69	1% of Entrance Fee	50 months	25 months
70	0% 70 and above	N/A	N/A

If the resident is not yet 70 years old on the date of execution of the Residency Agreement, the resident will be charged an additional premium for each year under 70 years of age (per Premium Amortization Schedule), however, the minimum age for admission is 55 years old. The premium charged ranges from an additional 1 percent to 66 percent of the current Entrance Fee. The amortization of this additional premium will begin on the date of occupancy and will amortize monthly over a period of 50 months for Option 1, and 25 months for Option 2. The additional premium is amortized separately from the Entrance Fee amount, which is also amortized over a period of 50 months for Option 1, and 25 months for Option 2. The premium is due on the date of occupancy.

In situations of double occupancy, the additional premium is applicable only to the younger co-resident.

Homewood Living Plum Creek, Inc.

Exhibit C. **Table Showing Five Year Comparison of Fees for each Homewood CCRC located in the Commonwealth of Pennsylvania**

Homewood Living Plum Creek, Inc.

	ACTUAL 2021	ACTUAL 2022	ACTUAL 2023	ACTUAL 2024	ACTUAL 2025
Health Care					
SPECIAL CARE					
PRIVATE	$ 434	$ 451	$ 496	$ 511	$ 537
SEMIPRIVATE	$ 397	$ 413	$ 454	$ 468	$ 492
SKILLED NURSING					
PRIVATE	$ 425	$ 442	$ 486	$ 501	$ 527
SEMIPRIVATE	$ 389	$ 405	$ 446	$ 459	$ 482
REHAB	$ 459	$ 477	$ 525	$ 541	$ 569
Personal Care					
RESIDENTIAL	$ 191	$ 199	$ 215	$ 221	$ 233
LEVEL 1	$ 214	$ 223	$ 241	$ 248	$ 261
LEVEL 2	$ 226	$ 235	$ 267	$ 275	$ 289
LEVEL 3			$ 293	$ 302	$ 318
Residential Living					
MONTHLY SERVICE FEE					
CLUSTER DOUBLE	$ 1,273	$ 1,336	$ 1,438	$ 1,483	$ 1,525
CLUSTER SINGLE	$ 863	$ 906	$ 978	$ 1,008	$ 1,036
APARTMENT DOUBLE	$ 1,472	$ 1,545	$ 1,664	$ 1,716	$ 1,765
APARTMENT SINGLE	$ 1,062	$ 1,115	$ 1,204	$ 1,241	$ 1,276
VILLA DOUBLE	$ 1,569	$ 1,647	$ 1,774	$ 1,829	$ 1,881
VILLA SINGLE	$ 1,159	$ 1,217	$ 1,314	$ 1,354	$ 1,392

Homewood Living Spring House, Inc.

	ACTUAL 2021	ACTUAL 2022	ACTUAL 2023	ACTUAL 2024	ACTUAL 2025
Personal Care					
STANDARD UNIT	$ 203				
LEVEL 1		$ 208	$ 233	$ 245	$ 257
LEVEL 2		$ 233	$ 261	$ 274	$ 288
LEVEL 3		$ 258	$ 289	$ 303	$ 319
CORNER UNIT	$ 230				
LEVEL 1		$ 245	$ 274	$ 288	$ 302
LEVEL 2		$ 270	$ 302	$ 317	$ 333
LEVEL 3		$ 295	$ 330	$ 347	$ 364
APARTMENTS					
LEVEL 1			$ 277	$ 292	$ 307
LEVEL 2			$ 305	$ 321	$ 337
LEVEL 3			$ 333	$ 351	$ 369
Residential Living					
MONTHLY SERVICE FEE					
COTTAGE - original occupants only	$ 754	$ 805	$ 886	$ 930	$ 967
COTTAGE	$ 820	$ 861	$ 947	$ 994	$ 1,034
COTTAGE - double occupancy	$ 1,230	$ 1,291	$ 1,407	$ 1,477	$ 1,536
APARTMENT	$ 867	$ 910	$ 1,001	$ 1,051	$ 1,093
APARTMENT - double occupancy	$ 1,277	$ 1,340	$ 1,461	$ 1,534	$ 1,595

Homewood Living Martinsburg, Inc.

	ACTUAL 2021	ACTUAL 2022	ACTUAL 2023	ACTUAL 2024	ACTUAL 2025
Health Care					
SPECIAL CARE					
PRIVATE	$ 372	$ 387	$ 426	$ 447	$ 470
SEMIPRIVATE	$ 357	$ 371	$ 408	$ 429	$ 451
SKILLED NURSING					
PRIVATE	$ 359	$ 373	$ 410	$ 431	$ 453
SEMIPRIVATE	$ 341	$ 355	$ 391	$ 411	$ 432
REHAB	$ 422	$ 439	$ 483	$ 508	$ 534
Personal Care					
MEMORY CARE					
PRIVATE	$ 247	$ 257	$ 283	$ 297	$ 312
SEMIPRIVATE	$ 225	$ 234	$ 257	$ 270	$ 284
APARTMENTS					
1 BR	$ 186	$ 193	$ 212	$ 223	$ 235
1 BR/DEN	$ 192	$ 200	$ 220	$ 231	$ 243
2 BR	$ 199	$ 207	$ 228	$ 239	$ 251
Residential Living					
MONTHLY SERVICE FEE					
COTTAGES	$ 912	$ 958	$ 1,150	$ 1,208	$ 1,269
1 BR	$ 950	$ 998	$ 1,150	$ 1,208	$ 1,269
2 BR	$ 963	$ 1,011	$ 1,150	$ 1,208	$ 1,269

Homewood Living Plum Creek, Inc.

Exhibit D. Average Annual Cost of Providing Services

EXPENSES:	Residential Living	Personal Care	Nursing
Total Expenses including	$11,353,916	$7,221,896	$17,108,351
Divided by: resident days	149,939	33,212	34,820
Average annual cost per resident day	$75.72	$217.45	$491.34
X			
Average annual cost per resident	$27,639	$79,369	$179,338

Homewood Living Plum Creek, Inc.

Exhibit E. Audited Financial Statements

HOMEWOOD LIVING MINISTRIES, INC. and Subsidiaries

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Homewood Living Ministries, Inc. and Subsidiaries
Williamsport, Maryland

Opinion

We have audited the accompanying consolidated financial statements of Homewood Living Ministries and Subsidiaries (Homewood), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, 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 Homewood Living Ministries and Subsidiaries as of December 31, 2025 and 2024, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Homewood and to meet our 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 Homewood and its subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Homewood and its subsidiaries' internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Homewood and its subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Smith Elliott Kearns & Company, LLC.

Hagerstown, Maryland
March 26, 2026

HOMEWOOD LIVING MINISTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 72,502,499	$ 56,528,606
Accounts receivable, net of allowance for credit losses of $514,817 and $393,265	5,924,696	5,746,555
Pledges and contributions receivable, net of allowance for uncollectible pledges of $0 and $0	33,700	6,026,834
Supplies and prepaid expenses	4,013,400	3,989,062
Total current assets	82,474,295	72,291,057
Pledges receivable, less current portion, net of present value discount of $1,166	45,884	-
Assets whose use is limited	134,019,366	102,289,993
Statutory reserves	14,230,710	12,701,103
Right of use assets	1,707,209	1,944,587
Property and equipment	273,794,420	280,697,490
Beneficial interest in assets held by others	129,178	116,383
Interest rate swap agreements	5,765,719	8,667,603
TOTAL ASSETS	$ 512,166,781	$ 478,708,216
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of finance lease liabilities	$ 226,254	$ 222,748
Current maturities of long-term debt	6,656,529	6,449,974
Accounts payable	7,022,630	6,176,663
Accrued liabilities and deposits	10,107,003	9,562,635
Total current liabilities	24,012,416	22,412,020
Finance lease liabilities, less current maturities	1,528,355	1,754,609
Long-term debt, less current maturities and unamortized debt issuance costs	129,652,288	136,331,491
Refundable fees	71,006,177	65,094,619
Deferred revenue from advance fees	51,389,416	40,167,211
Total liabilities	277,588,652	265,759,950
Net assets		
Without donor restrictions	212,846,794	195,043,964
With donor restrictions:		
Restricted by donor for a specific purpose	20,310,422	16,483,389
Restricted by donor to be held in perpetuity	1,420,913	1,420,913
Total net assets	234,578,129	212,948,266
TOTAL LIABILITIES AND NET ASSETS	$ 512,166,781	$ 478,708,216

HOMEWOOD LIVING MINISTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenue, gains and other support		
Net client services, including amortization of advance fees of $13,907,703 and $10,922,961	$ 111,023,601	$ 105,083,332
Revenues from nonresidents	32,176,314	30,958,969
Provision for credit losses	(568,741)	(390,372)
Net client services revenue less provision for credit losses	142,631,174	135,651,929
Investment income available for operations	2,972,280	2,629,167
Other	1,304,080	1,106,106
Total revenue and other support	146,907,534	139,387,202
Expenses		
Client services	53,632,718	52,183,368
Dietary	17,148,849	16,312,897
Housekeeping and laundry	6,429,532	6,192,172
Maintenance and utilities	18,637,725	16,913,366
Administrative	18,802,182	16,544,221
Marketing	3,444,389	3,350,813
Depreciation	16,489,187	16,115,968
Interest expense	4,666,964	4,902,028
Total expenses	139,251,546	132,514,833
Operating income	7,655,988	6,872,369
Nonoperating revenue (expense)		
Gain on sale of property	375	10,041
Gain from insurance proceeds	96,555	-
Contributions	174,844	874,095
Net realized gains on investments	5,842,564	9,031,263
Total nonoperating revenue (expense)	6,114,338	9,915,399
Excess of revenues over expenses	13,770,326	16,787,768
Change in net unrealized gains (losses) on investments	6,255,320	(1,922,682)
Change in fair value of interest rate swap agreements	(2,901,884)	957,211
Contributions to innovation fund	94,852	91,900
Transfer of net assets	(356,749)	-
Net assets released from restrictions	940,965	907,144
Increase in net assets without donor restrictions	$ 17,802,830	$ 16,821,341

The accompanying notes to the consolidated financial statements are an integral part of these statements.

HOMEWOOD LIVING MINISTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Net assets without donor restrictions:		
Excess of revenues over expenses	$ 13,770,326	$ 16,787,768
Change in net unrealized gains (losses) on investments	6,255,320	(1,922,682)
Change in fair value of interest rate swap agreements	(2,901,884)	957,211
Contributions to innovation fund	94,852	91,900
Transfer of net assets	(356,749)	-
Net assets released from restrictions	940,965	907,144
Increase in net assets without donor restrictions	17,802,830	16,821,341
Net assets with donor restrictions		
Contributions for a specified purpose	3,254,562	7,047,673
Earnings from investments	331,929	335,747
Change in net unrealized gains (losses) on investments	824,758	32,070
Net assets released from restrictions	(940,965)	(907,144)
Transfer of net assets	356,749	-
Contributions to be held in an endowment in perpetuity	-	2,500
Increase in net assets with donor restrictions	3,827,033	6,510,846
Increase in net assets	21,629,863	23,332,187
Net assets, beginning of year	212,948,266	189,616,079
Net assets, end of year	$ 234,578,129	$ 212,948,266

The accompanying notes to the consolidated financial statements are an integral part of these statements.

HOMEWOOD LIVING MINISTRIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 21,629,863	$ 23,332,187
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,251,809	15,856,228
Amortization of finance lease right to use assets	237,378	259,740
Write-offs of bad debts	447,189	428,098
Change in allowance	568,741	390,372
Non cash interest expense associated with debt issuance costs	175,272	175,274
Amortization of bond premium	(197,944)	(197,944)
(Gain) on sale and disposals of property and equipment	(375)	(10,041)
Change in net realized and unrealized (gains) losses on investments	(7,080,078)	1,890,612
Change in fair value of interest rate swap agreements	2,901,884	(957,211)
Entrance fees earned	(13,907,703)	(10,922,961)
Change in provision for pledges receivable	-	(1,166)
Change in pledges receivable	5,947,250	(5,899,034)
Change in accounts receivable	(862,150)	(2,326,511)
Change in accounts payable and accruals	552,599	1,920,450
Proceeds from restricted contributions	(3,399,510)	(1,050,173)
Other	(24,336)	(807,329)
Net cash provided by operating activities	23,239,889	22,080,591
Cash flows from investing activities		
Routine capital expenditures	(5,683,071)	(10,331,467)
Renovation expenditures	(3,665,669)	-
Proceeds from sale of assets	375	10,041
Purchase of marketable securities	(87,977,201)	(104,889,679)
Proceeds from sale of marketable securities	61,785,505	88,703,838
Net cash (used) by investing activities	(35,540,061)	(26,507,267)
Cash flows from financing activities		
Proceeds from restricted contributions	3,399,510	1,050,173
Entrance fees paid on new construction	-	2,103,570
Entrance fees paid by new residents	35,247,285	32,035,437
Refunds of entrance fees	(3,700,006)	(4,244,726)
Bond draws	-	752,501
Reduction of lease liability	(222,748)	(237,717)
Debt retirement	(6,449,976)	(6,276,402)
Net cash provided by financing activities	28,274,065	25,182,836
Net increase in cash and cash equivalents	15,973,893	20,756,160
Cash and cash equivalents, beginning of year	56,528,606	35,772,446
Cash and cash equivalents, end of year	$ 72,502,499	$ 56,528,606

The accompanying notes to the consolidated financial statements are an integral part of these statements.

HOMEWOOD LIVING MINISTRIES, INC.
and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

Note 1. Summary of Significant Accounting Policies

ORGANIZATION AND NATURE OF OPERATIONS

Homewood Living Ministries, Inc. and subsidiaries (Homewood) are not-for-profit (non-stock) corporations. The consolidated financial statements include Homewood Living Ministries Inc. and its subsidiaries Homewood Living Williamsport, Homewood Living Plum Creek, Homewood Living Martinsburg, Homewood Living Frederick, Homewood Living Foundation, and Homewood Living Spring House.

Homewood, a ministry of the Christian faith, provides housing, health care and other services to residents and other clients in Pennsylvania and Maryland. Homewood operates five retirement communities containing 1,174 independent living cottages and apartments, 310 assisted living and personal care units and 451 nursing beds. Homewood facilities are located in Maryland and Pennsylvania.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include all subsidiary companies. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

CONCENTRATIONS OF CREDIT RISK

Homewood maintains its funds at several financial institutions. During the course of the year, Homewood's bank balances may periodically exceed limits insured by the Federal Deposit Insurance Corporation (FDIC). Management considers this to be normal business risk.

ADVANCE FEES

Certain independent living residents of Homewood's retirement communities occupy their residences under terms of entrance fee agreements, which provide for the payment of an advance fee at the time of occupancy. The amortizing portion of the advance fee is amortized to income using the straight-line method over the life stated in the applicable contract. The nonrefundable portion of the advance fee is recorded as deferred income and is amortized into income using the straight-line method over the estimated remaining life expectancy of the resident, but not in excess of amounts which become available to Homewood under contract provisions. Terms of certain entrance fee agreements provide that a resident is entitled to receive one-half of any amount by which the entrance fee paid by the succeeding resident exceeds that paid by the current resident. This reimbursement is contingent on the re-occupancy of the unit.

ASSETS WHOSE USE IS LIMITED

Funds restricted for specified purposes, assets designated by the Board of Trustees for benevolent care and to meet statutory reserves, assets designated for deferred compensation, and assets held by a trustee for reimbursement of future construction costs are classified as assets whose use is limited.

Note 1. Summary of Significant Accounting Policies (Continued)

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those whose use by Homewood has been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained by Homewood in perpetuity.

EXCESS OF REVENUES OVER EXPENSES

The statement of operations includes excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, changes in the fair value of derivatives and permanent transfers of assets to and from affiliates other than for goods and services, and contributions of long-lived assets.

SERVICE REVENUE

Client service revenue is reported at the amount that reflects the consideration Homewood expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors, including health insurers and government programs, and may include variable consideration for retroactive revenue adjustments under reimbursement programs. This consideration is recorded initially at Homewood's established rates for the services, reduced when appropriate by contractual adjustments and charity allowances, to arrive at client service revenue reported in the consolidated statements of operations.

Performance obligations are determined based on the nature of the services provided. Client service fee revenue is recognized as performance obligations are satisfied. The performance obligations inherent within the services Homewood provides are typically satisfied within specific measurable time periods or through the delivery of a service that is immediately consumed by a client.

Nursing care, assisted living, personal care, and independent living are considered to be senior living residency services. Under the senior living residency agreements, services are provided to residents for a stated daily or monthly fee. Homewood has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time.

In addition to senior living residency services, Homewood also offers several ancillary service programs which include physical therapy, occupational therapy, speech therapy, and restorative therapy and enters into contracts to provide these ancillary services. Each service provided under these contracts is capable of being distinct. Accordingly, these services are considered individual and separate performance obligations which are satisfied as services are provided and revenue is recognized as services are provided.

Homewood also provides goods and services to residents and non-residents that do not require specific contracts. This includes certain medical ancillary services, pharmacy, wellness center, beauty and barber services, meals, laundry, transportation, parking, and communications services. These goods and services are typically provided in a retail setting, where the performance obligations are satisfied, and the revenue recognized once the goods and services have been delivered to or consumed by the customer.

Homewood's admissions process for senior living residency services includes a credit assessment of the prospective resident and obtaining an understanding of available third-party reimbursement from health insurers and government programs for the prospective resident. These evaluations typically occur prior to the provision of services. Acceptance of the prospective resident's credit status and applicable coverage from third party payors may require Homewood to accept discounts from established billing rates. These discounts

Note 1. Summary of Significant Accounting Policies (Continued)

for senior living residency services represent explicit price concessions to the transaction price and are recorded as a reduction from client service revenue. Service revenue is billed upon completion of services on a monthly basis, with payment generally due in thirty days. The beginning balance of receivables from contracts from customers at January 1, 2024 was $4,238,514. The beginning balance of contract liabilities from contracts with customers (refundable fees and deferred revenue from advance fees) at January 1, 2024 was $85,914,136.

Homewood receives a significant portion of its revenue from Medicare, Medicaid and other third-party payors that receive discounts from established billing rates. 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 services. Homewood estimates the transaction price based on terms of the contract with the payor, correspondence with the payor, and historical payment trends. Retroactive adjustments are recognized in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2025 and 2024. Laws and regulations governing Medicare, Medicaid, and other third-party programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

FINANCING COMPONENT

Homewood has elected the practical expedient allowed under generally accepted accounting principles for revenue recognition and does not adjust the promised amount of consideration from residents or third-party payors for the effects of a significant financing component due to Homewood's expectation that the period between the time the service is provided to a resident and the time the resident or third-party payor pays for the service will be one year or less. Homewood also enters into independent living contracts which provide for payments at the time of inception and are amortized to revenue using the straight-line method over the estimated remaining life expectancy of the individual contract holders. In these instances, the financing component is not deemed to be significant to the contract.

CONTRACT COSTS

Homewood has applied the practical expedient allowed under generally accepted accounting principles for contracts with customers. As a result, all incremental contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that Homewood would have recognized is one year or less.

CONTRIBUTIONS

Homewood 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Homewood reports gifts of land and other property as unrestricted support 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Homewood reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Note 1. Summary of Significant Accounting Policies (Continued)

Homewood does not recognize contributions that are conditional; that is, contributions are recognized at the point in time that any barriers to overcome have been met and when no right of return exists. Conditional contributions not included in Homewood's financial statements include wills, estate notes, and any other contributions contingent on the occurrence of an event that has not yet happened.

BENEVOLENT CARE

Homewood provides care to residents who meet certain criteria under its benevolent care policy without charge or at amounts less than its established rates. Because Homewood does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenue.

INVESTMENTS

Homewood's investments are carried at fair market value. Realized gains and losses on sales of securities are recognized based on the cost of specific securities sold and are included in non-operating revenue unless the income or loss is restricted by donor or law. Changes in unrealized gains and losses are excluded from the determination of excess of revenues over expenses.

Management reviews Homewood's investment portfolio performance at least quarterly, including evaluation of any available for sale debt securities in an unrealized loss position for possible impairment. A debt security is deemed impaired if the fair value of the investment is less than its amortized cost. In this evaluation, consideration is given to the issuer of the securities and their creditworthiness, any changes to the rating of the security and any adverse conditions specifically related to the security, among other factors. Also, the business and financial outlook of the issuer, as well as broader economic performance indicators, may be evaluated. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than amortized cost. Any impairment that has not been recorded through an allowance for credit losses is recognized as unrealized losses in the statements of operations and changes in net assets. Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the available for sale debt security is confirmed as uncollectible or when there is an intent or requirement to sell the security. Homewood has elected to exclude accrued interest receivable on available for sale debt securities from the allowance for credit losses calculation. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days past due. The receivable for interest income that is accrued but not collected is reversed against interest income when the debt security is placed on nonaccrual status. Homewood does not have any investments that it considers to be impaired at December 31, 2025 that require an allowance for credit losses.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is provided on the straight-line method based on the following estimated useful lives:

Buildings and improvements	5-50 years
Furniture, equipment and vehicles	3-15 years

Note 1. Summary of Significant Accounting Policies (Continued)

When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. Items purchased in excess of $2,500 that are deemed to have a useful life greater than three years are capitalized and depreciated over the life of the asset.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Homewood extends credit in the normal course of business to its residents and performs ongoing credit evaluations of those residents. Trade accounts receivable are recorded net of an allowance for credit losses to reserve for potential uncollectible accounts. Receivables are generally due thirty days after billed. The allowance for credit losses is estimated based upon collectability of delinquent accounts (generally those accounts that are three months or more past due), forecasted economic trends, and management judgment. Receivables are charged off against the allowance when, in the judgment of management, it is unlikely they will be collected.

Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for credit losses. For receivables associated with services provided to residents who have third-party coverage, Homewood analyzes contractually due amounts and provides an allowance for credit losses and a provision for credit losses, if necessary. For receivables associated with private-pay residents, Homewood records a provision for credit losses in the period of service on the basis of its past experience, which indicates that some residents are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for credit losses.

FINANCING COSTS

Homewood capitalizes costs incurred to obtain financing and amortizes them over the term of the related obligations. Amortization of the debt issuance costs is included as a component of interest expense using the straight-line method which is not materially different than the effective interest method.

CHARITABLE GIFT ANNUITIES

Homewood Foundation has entered into charitable gift annuity agreements with donors. The gift annuities require payment of fixed amounts periodically to designated beneficiaries. The present value of future annuity payments is calculated on the date of the gift and the excess of the amount of the gift over the liability for annuity payments is reported as net assets with donor restrictions. The net assets are released from restrictions and recognized as revenue without donor restrictions in the statement of operations when the terms of the annuities have been met. A reserve of cash and investments is maintained to ensure that future payments under the annuity agreements can be met.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, Homewood considers cash on hand and deposits with an original maturity of three months or less to be cash and cash equivalents.

PLEDGES AND CONTRIBUTIONS RECEIVABLE

Pledges are recorded as revenue when a signed acknowledgement form is received from a donor. A discount for present value is applied to outstanding pledges that are receivable in periods greater than one year from the reporting date. The discount is calculated by determining the present value of the future contributions

Note 1. Summary of Significant Accounting Policies (Continued)

expected to be received, using a discount rate of 5%. Management reviews the outstanding pledges receivable for collectability at least annually. An allowance for uncollectible pledges is maintained for pledges management believes are at risk. At December 31, 2025 and 2024, management determined that no allowance for pledges receivable was necessary. At December 31, 2024, Homewood also recognized $6 million in contributions receivable for a bequest expected to be received in 2025. The estimate was based on final accounting of the estate that was available prior to December 31, 2024. The entire amount was received in 2025. The amount received in excess of the prior year receivable was recognized as revenue in 2025.

RESIDENT DEPOSITS

Entrance fee and waiting list deposits received from prospective residents prior to occupancy under entrance fee or rental agreements are included in accrued liabilities and deposits on the balance sheet. Upon occupancy of the related units, entrance fee deposits are transferred to deferred revenue and amortized as part of the advance fees and rental deposits are applied against the first and last month's rent.

HEALTH INSURANCE

Homewood has a self-funded health insurance plan for its employees. Claims in excess of established amounts are covered by insurance. A liability of $880,000 and $770,000 as of December 31, 2025 and 2024, respectively, is recorded for an estimated amount of anticipated costs for illnesses or injuries which have been incurred but for which claims have not been filed. This liability is included in accrued liabilities and deposits on the consolidated balance sheets.

WORKERS COMPENSATION

Homewood maintains a self-funded workers compensation plan for its employees. Claims in excess of $550,000 per incident are covered by insurance. A liability is recorded for an estimated amount of anticipated costs for illnesses or injuries which have been incurred but for which claims have not been filed. This liability is included in accrued liabilities and deposits on the consolidated balance sheets. As of December 31, 2025 and 2024, two surety bonds totaling $1,900,000 have been established to guarantee payment of these claims.

MALPRACTICE

Homewood's malpractice insurance includes a $75,000 deductible per claim. A liability is recorded for an estimated amount of anticipated costs for future claims, if deemed necessary by management.

MARKET RISKS

Homewood's investments are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

EQUITY INVESTMENT IN RISK RETENTION GROUP

Homewood and its affiliates participate in an insurance risk retention group, Caring Communities, a reciprocal Risk Retention Group (CCrRRG) licensed by the District of Columbia, for the purposes of obtaining the following insurance coverage: (1) primary general and professional liability; (2) excess general and professional liability; and (3) excess auto liability. CCrRRG provides insurance coverage to its members, which are nonprofit, predominately faith based, senior housing and healthcare providers. These members include continuing care retirement communities, affordable housing providers, and other organizations that offer a mix of product and services, including independent living, assisted living, personal care and skilled nursing. In

Note 1. Summary of Significant Accounting Policies (Continued)

December 2020, CCrRRG was affirmed as a rating of "A (Excellent)" for its financial strength with a stable outlook by A/M Best Co., one of the leading rating agencies.

Homewood executed a subscription agreement and made capital contributions in exchange for an interest in a CCrRRG Charter Capital Account. Through December 31, 2025, Homewood's capital contributions were $445,682 which represents 1.47% of CCrRRG's total Charter Capital. The percentage of the total Charter Capital may be affected by the future addition of members to CCrRRG. This investment is accounted for using the cost method since market value is not readily available.

Homewood also has a general and professional liability insurance policy for all affiliates, which is claims-made based, through Caring Communities. The insurance coverage has a limit of $1,000,000 per occurrence and a $3,000,000 annual aggregate. Homewood also has excess coverage in effect with a limit of $10,000,000 per claim and a $10,000,000 annual aggregate. This policy has been renewed through January 2027.

ADVERTISING

Advertising costs are expensed as incurred.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by Homewood in estimating the fair value of its financial instruments:

Cash and cash equivalents and statutory liquid reserves: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Accounts receivable: The carrying amount reported in the balance sheet for accounts receivable approximates its fair value.

Pledges receivable: The carrying amount reported in the balance sheet for pledges receivable approximates expected future cash flows discounted to their present value.

Beneficial interest in assets held by others and interest rate swap agreements: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices.

Assets whose use is limited: These assets consist primarily of cash and investments. The carrying amount reported in the balance sheet is fair value, which is based on quoted market prices.

Accounts payable, accrued expenses, refundable fees and deferred revenue: The carrying amounts reported in the balance sheet for accounts payable, accrued expenses, refundable fees and deferred revenue from entrance fees approximates their fair value.

Long-term debt and notes payable: Fair values of Homewood's debt are estimated based on the quoted market prices for the same or similar issues or on current rates offered to Homewood for debt of the same remaining maturities. Current market prices are based primarily on SOFR, prime and a weekly tax-exempt bond rate.

Lease liability: The carrying amount reported in the balance sheet approximates fair value, which is based on quoted market prices for similar agreements.

Note 1. Summary of Significant Accounting Policies (Continued)

The carrying amounts and fair values of Homewood's financial instruments at December 31, 2025 and 2024 are as follows:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 72,502,499	$ 72,502,499	$ 56,528,606	$ 56,528,606
Accounts receivable	$ 5,924,696	$ 5,924,696	$ 5,746,555	$ 5,746,555
Pledges and contributions receivable	$ 79,584	$ 79,584	$ 6,026,834	$ 6,026,834
Assets whose use is limited	$ 134,019,366	$ 134,019,366	$ 102,289,993	$ 102,289,993
Statutory reserves	$ 14,230,710	$ 14,230,710	$ 12,701,103	$ 12,701,103
Beneficial interest in assets held by others	$ 129,178	$ 129,178	$ 116,383	$ 116,383
Interest rate swap asset	$ 5,765,719	$ 5,765,719	$ 8,667,603	$ 8,667,603
Accounts payable and accrued expenses	$ 17,129,633	$ 17,129,633	$ 15,739,298	$ 15,739,298
Refundable fees	$ 71,006,177	$ 71,006,177	$ 65,094,619	$ 65,094,619
Deferred revenue from advance fees	$ 51,389,416	$ 51,389,416	$ 40,167,211	$ 40,167,211
Long-term debt and notes payable	$ 136,308,817	$ 136,308,817	$ 142,781,465	$ 142,781,465
Lease obligations	$ 1,754,609	$ 1,754,609	$ 1,977,357	$ 1,977,357

Note 2. Liquidity and Availability of Resources

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

Financial assets at year-end	2025	2024
Cash and cash equivalents	$ 69,285,592	$ 54,494,014
Accounts receivable	5,924,696	5,746,555
Pledges and contributions receivable	79,584	6,026,834
Assets whose use is limited:		
designated by the board	109,710,504	86,125,182
	$ 185,000,376	$ 152,392,585

Cash and cash equivalents above exclude amounts that are required to be held for specific uses, such as donor-restricted grants and contributions not covered by assets whose use is limited, resident trust funds and debt escrow. In 2025 this includes $1,413,594 of cash restricted by donors to be used for specific purposes. Homewood regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Homewood has various sources of liquidity at its disposal, including cash and cash equivalents, and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Homewood considers all expenditures related to its ongoing activities of resident care as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, Homewood operates with a Board-approved budget and anticipates collecting sufficient revenue to cover general expenditures. In the event of an unanticipated liquidity need, Homewood could draw upon its board designated investments.

Note 2. Liquidity and Availability of Resources (Continued)

The board designated investments of $109,710,504 and $86,125,182 at December 31, 2025 and 2024, respectively, are designated for benevolent care, future facility improvements, and resident life enrichment. Although Homewood does not intend to spend from these board designated investments, these amounts could be made available if necessary.

Note 3. Investments

The composition of Homewood's investments at December 31 is set forth in the following table:

	2025	2024
Beneficial interest in assets held by others	$ 129,178	$ 116,383
Assets whose use is limited		
Restricted contributions:		
Annuities	$ 1,344,348	$ 1,271,029
Plum Creek projects	5,926,307	5,178,000
Martinsburg projects	6,280,742	-
Restricted for benevolent care	3,365,769	1,976,308
Restricted for other specific purposes	3,400,575	3,478,965
	$ 20,317,741	$ 11,904,302
Restricted for debt service	$ 3,630,555	$ 3,943,580
Designated for benevolent care, facility improvements, and resident life enrichment:		
Short-term investments	$ 15,594,361	$ 12,004,494
U.S. government and agency obligations	3,835,361	5,281,953
Mortgage-backed securities	2,708,244	2,457,181
Corporate and foreign bonds	3,636,605	3,592,494
Corporate and foreign stocks and mutual funds	83,935,933	62,581,109
Income fund	-	207,951
	$ 109,710,504	$ 86,125,182
Designated for deferred compensation:		
Section 457 plan investments	$ 360,566	$ 316,929
Total assets whose use is limited	$ 134,019,366	$ 102,289,993

Not included in the table above, but also part of Homewood's investment portfolio, are statutory reserves of $14,230,710 and $12,701,103 in 2025 and 2024, respectively.

Investment income available for operations included in revenues, gains and other support includes interest and dividends, which are used to support current operations. Investment income included in non-operating revenue represents dividends, interest, and realized gains and losses which are reinvested in the respective investment sources.

Note 4. Property and Equipment

Property and equipment at December 31 consists of the following:

	2025	2024
Land and improvements	$ 13,871,194	$ 13,871,194
Buildings and improvements	457,127,971	445,942,930
Furniture, equipment and vehicles	54,133,092	51,452,809
	$ 525,132,257	$ 511,266,933
Less accumulated depreciation	254,064,079	237,828,086
	$ 271,068,178	$ 273,438,847
Projects in progress	2,726,242	7,258,643
Property and equipment, net	$ 273,794,420	$ 280,697,490
Depreciation expense for the year	$ 16,251,809	$ 15,856,228

See Note 14 for a description of projects in process at year-end.

Note 5. Long-term Debt

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

	2025	2024
Washington County, Maryland - Maryland Obligated Group Series 2021	$ 47,723,339	$ 49,586,278
Washington County, Maryland - Maryland Obligated Group Series 2020A	42,965,569	44,751,187
Washington County, Maryland - Maryland Obligated Group Series 2020B	33,978,964	35,309,436
Pennsylvania Economic Develop Financing Authority - Pennsylvania Obligated Group Series 2020A	13,973,600	15,585,686
Pennsylvania Economic Develop Financing Authority - Pennsylvania Obligated Group Series 2020B	492,270	549,054
	$ 139,133,742	$ 145,781,641
Less debt issuance costs, net of accumulated amortization of $859,702 and $684,451 in 2025 and 2024, respectively	$ (2,824,925)	$ (3,000,176)
Less current maturities	(6,656,529)	(6,449,974)
	$ 129,652,288	$ 136,331,491

Note 5. Long-term Debt (Continued)

During 2020, Homewood Living Ministries refinanced and consolidated all of its outstanding debt. Homewood also created two obligated groups in conjunction with its plan of finance. The Homewood Living Ministries Maryland Obligated Group (MDOG) consists of Homewood Living Williamsport and Homewood Living Frederick. The Homewood Living Ministries Pennsylvania Obligated Group (PAOG) consists of Homewood Living Plum Creek, Homewood Living Martinsburg and Homewood Living Spring House Estates.

Series 2020 Maryland Bonds

Effective December 1, 2020, the Homewood Living Ministries Maryland Obligated Group entered into a loan agreement with County Commissioners of Washington County pursuant to which the County Commissioners of Washington County sold the Series 2020A and 2020B Bonds.

From the proceeds, the MDOG borrowed $101,718,252 of Economic Development Refunding Revenue Bonds (Series 2020A) and $45,000,000 Economic Development Revenue Bonds (Series 2020B). The Series 2020A Bonds bear interest at variable rates and mature on May 1, 2042. The Series 2020B Bonds bear interest at variable rates and mature on December 1, 2048. Interest on the debt is variable (4.2195% and 4.42987% for 2020A Bonds and 2020B Bonds, at December 31, 2025, respectively).

The proceeds of the Series 2020A Bonds were utilized to refund all of the Series 2007 and 2011 Williamsport bonds, refund all of the Series 1997 and 2017 Frederick bonds, pay off the Frederick line of credit, and to pay certain expenses incurred in connection with the issuance of the Series 2020A Bonds.

The proceeds of the Series 2020B Bonds were utilized to finance independent living expansion on the Frederick campus, fund routine capital expenditures at Frederick and Williamsport, and to pay certain expenses incurred in connection with the issuance of the Series 2020B Bonds.

Series 2020 Pennsylvania Bonds

On December 1, 2020, the Homewood Living Ministries Pennsylvania Obligated Group entered into a loan agreement with Pennsylvania Economic Development Financing Authority pursuant to which the Pennsylvania Economic Development Financing Authority sold the Series 2020A and 2020B Bonds.

From the proceeds, the PAOG borrowed $21,642,839 of Economic Development Refunding Revenue Bonds (Series 2020A) and $762,428 Economic Development Revenue Bonds (Series 2020B). The Series 2020A and 2020B Bonds bear interest at variable rates and mature on September 1, 2033. Interest on the debt floats on a monthly basis (4.3055% at December 31, 2025).

The proceeds of the Series 2020A Bonds were utilized to refund all of the Series 2000 and 2003 Hanover bonds, refund all of the Series 2004 Martinsburg bonds, refund all of the Series 2008 and 2013 Spring House bonds payoff the Hanover note payable, and to pay certain expenses incurred in connection with the issuance of the Series 2020A Bonds.

The proceeds of the Series 2020B Bonds were utilized to fund routine capital expenditures at Hanover, and to pay certain expenses incurred in connection with the issuance of the Series 2020B Bonds.

Note 5. Long-term Debt (Continued)

Series 2021 Maryland Bonds

Effective July 1, 2021, the Homewood Living Ministries Maryland Obligated Group entered into a loan agreement with County Commissioners of Washington County pursuant to which the County Commissioners of Washington County sold the Series 2021 Bonds.

From the proceeds, the MDOG borrowed $50,505,000 of Economic Development Refunding Revenue Bonds (Series 2021). As part of this transaction, Homewood also paid a bond premium of $3,957,410. The Series 2021 Bonds bear interest at a fixed rate of 4% and mature on May 1, 2042.

The proceeds of the Series 2021 Bonds were utilized to refund $50,096,097 of the Series 2020A MDOG bonds, establish a debt service reserve fund totaling $3,552,600 and pay costs of issuance totaling $813,713.

At December 31, 2025, Homewood was in compliance with all covenants of the debt instruments.

Scheduled principal payments on long-term debt during the next five years are as follows:

Year Ending December 31,	
2026	$ 6,656,529
2027	6,886,844
2028	7,074,635
2029	7,305,146
2030	7,958,980
Thereafter	103,251,608
	139,133,742
Less current maturities	(6,656,529)
	$ 132,477,213

Interest costs for 2025 and 2024 were $4,666,964 and $4,902,028, respectively, of which $0 were capitalized as costs of construction.

At December 31, 2025 and 2024, debt issuance costs totaling $2,824,925 and $3,000,176 are reported as a reduction from the face amount of the long-term debt held by Homewood. This amount includes total capitalized costs of $3,684,627 for 2025 and 2024, less accumulated amortization of $859,702 and $684,451 at December 31, 2025 and 2024, respectively. Amortization of these debt issuance costs charged to interest expense is $175,273 and $175,274 in 2025 and 2024.

Note 6. Leases

Homewood follows Accounting Standards Codification (ASC) 842 to account for leases. As such, Homewood reports the following:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents a lessee's right to use, or control the use of, a specified asset for the lease term.

Note 6. Leases (Continued)

Lease obligations represent Homewood's obligation to make lease payments and are presented at each reporting date as the net present value of the remaining contractual cash flows. Cash flows are discounted at Homewood's incremental borrowing rate in effect at the commencement of the lease. Right-to-use assets represent Homewood's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and, if applicable, prepaid rent, initial direct costs and any incentives received from the lessor.

Homewood's lease agreements are all classified as finance leases. Certain leases do not offer options to extend the lease term; therefore, the lease obligation calculation is based on the current lease term as stated in the lease agreement. Leases that do include renewal options have been evaluated by management to determine the expected term of the lease, based on written terms of the lease agreement and management's prior history with owning/leasing similar assets. None of the lease agreements provide for residual value guarantees, nor do they have any restrictions or covenants that would impact the financial statements or require incurring additional financial obligations.

Homewood's leased assets include vehicles and equipment. The terms of the leases vary from five to 20 years from lease inception, with expiration dates between 2027 and 2042.

Expenses related to leases are allocated to the program for which it relates to, or management and general if not directly identifiable. Expenses incurred under leases are as follows:

	Vehicles	Equipment	Total
2025			
Financing lease expense			
Amortization	$ 147,396	$ 89,982	$ 237,378
Interest	14,504	20,523	35,027
	$ 161,900	$ 110,505	$ 272,405
2024			
Financing lease expense			
Amortization	$ 161,545	$ 98,195	$ 259,740
Interest	19,428	22,055	41,483
	$ 180,973	$ 120,250	$ 301,223

For the year ended December 31, 2025 and 2024, variable lease costs totaled $257,774 and $279,203, respectively. Interest expense for 2025 and 2024 was $35,027 and $41,483, respectively. Cash paid for amounts included in the measure of lease obligations totaled $222,748 and $237,720, respectively, for the years ended December 31, 2025 and 2024.

Homewood assumed an incremental borrowing rate of 1.73% and 1.89%, in 2025 and 2024, respectively, to discount the future minimum lease payments included in lease obligations. This discount rate was determined based on Homewood's average borrowing rate. The following is a schedule of future minimum lease payments included in the calculation of lease obligations as of December 31, 2025:

Note 6. Leases (Continued)

Year Ending December 31,	
2026	$ 254,775
2027	195,510
2028	118,956
2029	113,699
2030	102,488
2031-2042	1,155,682
Total gross cash flows	1,941,110
Less amounts representing interest	(186,501)
Present value of minimum lease payments	1,754,609
Less current portion of lease obligations	(226,254)
Long-term portion of lease obligations	$ 1,528,355

Note 7. Net Assets

Net assets at December 31 consist of the following:

	2025	2024
Net assets without donor restrictions:		
Board designated for:		
Benevolent care, facility improvements, and resident life enrichment	$109,710,504	$ 86,125,182
Undesignated	103,136,290	108,918,782
Total net assets without donor restrictions	$212,846,794	$195,043,964
Net assets with donor restrictions:		
Restricted by donor for a specific purpose:		
Pledges for equipment and improvements	$ 80,750	$ 28,000
Contributions for Heroes scholarships	86,152	101,152
Annuity fund	1,344,348	1,271,029
Plum Creek Wellness Center	5,926,307	5,178,000
Martinsburg capital projects	6,280,742	5,500,000
Site-specific contributions	3,226,354	2,428,900
Site-specific benevolent funds	3,365,769	1,976,308
	$ 20,310,422	$ 16,483,389
Restricted by donor to be held in perpetuity:		
Facility improvements in Hanover, PA	$ 967,913	$ 967,913
Nursing scholarship in Hanover, PA	400,000	400,000
Scholarship in Frederick, MD	27,500	27,500
Retired Ministers' Fund	25,500	25,500
	$ 1,420,913	$ 1,420,913
Total net assets with donor restrictions	$ 21,731,335	$ 17,904,302
Total net assets	$234,578,129	$212,948,266

Note 8. Client Services Revenue

Homewood's major payor sources consist of the Medicaid and Medicare programs, and private pay individuals. Client service revenue, net of contractual and charity care allowances provided (but before the provision for bad debts), recognized in the statements of operations for the years ended December 31, 2025 and 2024 from these major payor sources is as follows:

	2025			
	Medicare	**Medicaid**	**Other**	**Total**
Net client services revenue	$ -	$ -	$ 111,023,601	$ 111,023,601
Revenue from nonresidents	14,708,546	12,216,397	5,251,371	32,176,314
	$14,708,546	$12,216,397	$ 116,274,972	$ 143,199,915

	2024			
	Medicare	**Medicaid**	**Other**	**Total**
Net client services revenue	$ -	$ -	$ 105,083,332	$ 105,083,332
Revenue from nonresidents	14,206,718	10,945,640	5,806,610	30,958,968
	$14,206,718	$10,945,640	$ 110,889,942	$ 136,042,300

The changes in Homewood's allowance for credit losses for the years ended December 31, 2025 and 2024 are as follows:

Allowance for credit losses, December 31, 2023	$ 430,991
Write-offs	(428,098)
Provision for credit losses	390,372
Allowance for credit losses, December 31, 2024	$ 393,265
Write-offs	(447,189)
Provision for credit losses	568,741
Allowance for credit losses, December 31, 2025	$ 514,817

Homewood has agreements with third-party payors that provide for reimbursement to Homewood at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the billings at established rates for services and amounts reimbursed by third-party payors. Homewood's major third-party payors are Medicare and Medicaid.

For the years ended December 31, 2025 and 2024, services rendered to Medicare program beneficiaries were reimbursed on a prospective payment system or fee schedule, depending on the medical services provided. Under the prospective payment system, Homewood is reimbursed according to the beneficiaries' acuity level and services provided. Under the fee schedule, Homewood is reimbursed the lesser of its charge or the allowable amount per the fee schedule.

Note 8. Client Services Revenue (Continued)

Services rendered to Medicaid program beneficiaries at Homewood's Pennsylvania sites are reimbursed based on a prospective case-mix payment system. Under this system, nursing facilities are categorized into peer groups based on geographic location and number of certified beds. The Commonwealth of Pennsylvania's Department of Human Services and State of Maryland's Department of Health and Human Services (Departments) establish per diem rates to reimburse nursing facilities using peer group data adjusted for each individual facility's resident acuity.

Services rendered to Medicaid program beneficiaries at Homewood's Maryland sites are reimbursed based on a retrospective, time-weighted case-mix payment system. Under this system, the nursing facility's residents are categorized into peer groups, according to their clinical and functional status. The State of Maryland's Department of Health reimbursement rates are adjusted quarterly based on the change in case mix of each facility in the specified geographic location.

In January 2005, the Department implemented a nursing facility assessment program for nursing facilities operating in Pennsylvania. Under this program, the Department collects an assessment from nursing facilities operating in Pennsylvania based on each facility's assessment days. The payments received by the Department from this quarterly assessment are used to obtain federal matching funds to maintain reimbursement for those nursing facilities participating in the Medicaid program. Homewood recognized nursing assessment costs of $487,241 and $547,690 for the years ended December 31, 2025 and 2024, respectively. Nursing assessment costs are reported as a reduction of net client service revenue by Homewood in the consolidated statements of operations. Homewood recognized increased Medicaid reimbursement of $60,449 and $34,358 from the nursing assessment program for the years ended December 31, 2025 and 2024, respectively. Increased Medicaid reimbursement from the nursing assessment program is reported as a component of contractual adjustments under third party programs. The amount of additional reimbursement recognized as an estimated third-party settlement receivable at December 31, 2025 and 2024 was $0.

Homewood recognizes client service revenue associated with services provided to residents who have third party coverage on the basis of contractual rates for the services rendered. For uninsured private pay residents that qualify for charity care, Homewood recognizes revenue on the basis of its standard rates for services provided, reduced by the estimated portion of the standard rate the resident is unable to pay. The estimated portion of the standard rate the resident is unable to pay is recognized as a charity care allowance. For uninsured private pay residents that do not qualify for charity care, Homewood recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a portion of Homewood's uninsured private pay residents that do not qualify for charity care will be unable or unwilling to pay for the services provided. Homewood records a provision for credit losses related to these uninsured private pay residents in the period the services are provided.

Generally accepted accounting principles require organizations to disaggregate revenue from contracts with customers to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Homewood disaggregates its client service revenue from contracts with customers by payor source and by service type.

Note 8. Client Services Revenue (Continued)

A reconciliation of client service revenue by service type for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Net client services, including amortization of advance fees of $13,907,703 and $10,922,961	$ 111,023,601	$ 105,083,332
Revenues from nonresidents	32,176,314	30,958,968
	$ 143,199,915	$ 136,042,300
Other	1,304,080	1,106,106
	$ 144,503,995	$ 137,148,406

	2025	2024
Room and board/client service rent revenue	$ 109,645,431	$ 106,941,172
Ancillary revenue from medical services	10,828,658	10,985,895
Monthly service fees	16,952,071	15,278,418
Entrance fee amortization, net of refunds	12,231,903	8,657,398
Restaurant fees and meals	4,257,636	4,022,485
Transportation and delivery fee income	235,700	249,494
Medical supplies	994,694	1,158,051
Service fees	1,575,417	1,563,279
Nursing assessments	(487,241)	(547,690)
Non-medical rental revenue	157,378	235,040
Grant funding	12,796	378,407
Other	209,464	175,340
	$ 156,613,907	$ 149,097,289
Less: Contractual and charity care allowances	(12,109,912)	(11,948,883)
	$ 144,503,995	$ 137,148,406

Included in client service revenue for the years ended December 31, 2025 and 2024 are $12,796 and $378,407, respectively, in federal and other grant funds. Federal grant funds include direct funding from the Department of Health and Human Services, funding passed through to Homewood through the Commonwealth of Pennsylvania PA Act 54 as part of the American Rescue Plan Act, and reimbursements from the Federal Emergency Management Agency. Funds received in excess of eligible expenses incurred are included in deferred revenue on the consolidated balance sheets. Homewood fully expects to spend all remaining grant funding within the allotted time frame allowed by the respective funding agencies.

Note 8. Client Services Revenue (Continued)

Deferred revenue from advance fees consists of the following:

	2025			
	Beginning Balance	**Earned Revenue**	**New Contracts**	**Ending Balance**
Deferred revenue from advance fees	$ 40,167,211	$ (13,725,144)	$ 24,947,349	$ 51,389,416

	2024			
	Beginning Balance	**Earned Revenue**	**New Contracts**	**Ending Balance**
Deferred revenue from advance fees	$ 30,504,518	$ (10,922,961)	$ 20,585,654	$ 40,167,211

Note 9. Pledges Receivable from Capital Campaign

Homewood's subsidiaries are involved in various capital campaigns. Pledges receivable consist of the following at December 31:

Pledges receivable, December 31, 2023	$ 126,634
New pledges	-
Pledge payments	(109,700)
Write-offs	-
Gross pledges receivable	16,934
Present value adjustments	9,900
Allowance for uncollectible pledges	-
Pledges receivable, December 31, 2024	26,834
New pledges	80,000
Pledge payments	(27,250)
Write-offs	-
Gross pledges receivable	79,584
Present value adjustments	-
Allowance for uncollectible pledges	-
Pledges receivable, December 31, 2025	$ 79,584

	2025	**2024**
Receivable in less than one year	$ 33,700	$ 21,000
Receivable in one to five years	47,050	7,000
Total pledges receivable	80,750	28,000
Present value discount	(1,166)	(1,166)
Less allowance for uncollectible pledges	-	-
	$ 79,584	$ 26,834

Note 10. Functional Expenses

Homewood follows generally accepted accounting principles in classifying costs as program, management and general, or fundraising. Directly identifiable expenses are charged to program and/or fundraising costs as appropriate. General and administrative expenses are those not directly identifiable with any specific function, but provide overall support to Homewood and its subsidiaries. No costs are considered to be joint costs.

Note 10. Functional Expenses (Continued)

The following details the functional classification of expenses for the year ended December 31, 2025 and 2024:

	2025								
	Program Services						Support Services		
	Client Services	Dietary	Housekeeping and Laundry	Maintenance and Utilities	Marketing	Total	General & Administrative	Fundraising	Total
Salaries	$ 33,451,043	$ 8,491,508	$ 4,039,177	$ 3,355,421	$ 1,694,157	51,031,306	$ 8,633,039	$ 506,767	$ 60,171,112
Payroll Taxes	2,319,963	534,778	284,007	213,163	121,341	3,473,252	494,475	29,681	3,997,408
Fringe Benefits	7,152,436	2,202,021	1,410,788	751,342	315,083	11,831,670	1,813,545	49,371	13,694,586
Total Salaries & Related Expenses	42,923,442	11,228,307	5,733,972	4,319,926	2,130,581	66,336,228	10,941,059	585,819	77,863,106
Resident Ancillary Costs	9,430,867	114,306	-	-	10,227	9,555,400	-	-	9,555,400
Employee Related Costs	(25)	149	-	-	-	124	327,303	-	327,427
Purchase of services	291,908	229,929	143,294	128	85,977	751,236	1,136,856	-	1,888,092
Advertising	-	-	-	-	1,050,000	1,050,000	-	-	1,050,000
Technology Management	-	-	-	-	-	-	1,264,945	-	1,264,945
Consultants	262,625	49,103	-	-	62,020	373,748	253,855	-	627,603
Membership & Other	69,943	20,768	126	6,348	16,074	113,259	483,226	22,906	619,391
Professional Fees	-	-	-	-	-	-	1,227,597	-	1,227,597
Public Relations	92	27,084	-	-	65,579	92,755	163,695	114,583	371,033
Repairs & Maintenance	3,624	-	1,043	3,073,693	-	3,078,360	869	-	3,079,229
Small equipment	24,511	-	-	-	-	24,511	153,435	-	177,946
Supplies	463,173	5,479,203	551,097	737,343	23,931	7,254,747	706,477	10,409	7,971,633
Telephone	-	-	-	-	-	-	229,821	923	230,744
Travel	80,889	-	-	-	-	80,889	-	-	80,889
Utilities	-	-	-	5,100,989	-	5,100,989	-	-	5,100,989
Vehicle expense	81,669	-	-	-	-	81,669	-	-	81,669
Depreciation	14,518,331	337,465	30,276	1,413,519	3,352	16,302,943	186,245	-	16,489,188
Real Estate Taxes	-	-	-	4,311,814	-	4,311,814	-	-	4,311,814
Insurance	-	-	-	1,087,484	-	1,087,484	1,178,403	-	2,265,887
Interest	4,664,459	-	-	1,807	-	4,666,266	698	-	4,666,964
	$ 72,815,508	$ 17,486,314	$ 6,459,808	$ 20,053,051	$ 3,447,741	$ 120,262,422	$ 18,254,484	$ 734,640	139,251,546

The above totals are after the application of depreciation and interest which are disclosed individually on the consolidated statements of operations.

Note 10. Functional Expenses (Continued)

	2024								
	Program Services						Support Services		
	Client Services	Dietary	Housekeeping and Laundry	Maintenance and Utilities	Marketing	Total	General & Administrative	Fundraising	Total
Salaries	$ 31,996,543	$ 8,106,118	$ 4,018,969	$ 3,231,601	$ 1,774,468	$ 49,127,699	$ 7,625,362	$ 466,961	$ 57,220,022
Payroll Taxes	2,250,591	509,822	283,802	204,417	128,429	3,377,061	433,700	27,001	3,837,762
Fringe Benefits	6,772,982	2,145,832	1,242,108	685,243	185,585	11,031,750	1,498,089	36,758	12,566,597
Total Salaries & Related Expenses	41,020,116	10,761,772	5,544,879	4,121,261	2,088,482	63,536,510	9,557,151	530,720	73,624,381
Resident Ancillary Costs	9,913,990	142	-	-	11,195	9,925,327	-	-	9,925,327
Employee Related Costs	270	-	-	-	654	924	260,362	-	261,286
Purchase of services	215,674	225,454	125,867	75	10,514	577,584	1,194,933	-	1,772,517
Advertising	-	-	-	-	898,572	898,572	1,357	-	899,929
Technology Management	-	-	-	-	-	-	1,000,947	-	1,000,947
Consultants	353,058	44,520	792	11,414	201,384	611,168	428,039	-	1,039,207
Membership & Other	158,329	37,260	950	2,991	13,345	212,875	339,702	47,491	600,068
Professional Fees	-	-	-	-	-	-	973,311	-	973,311
Public Relations	-	20,983	-	-	97,950	118,933	65,862	123,390	308,185
Repairs & Maintenance	934	-	-	2,451,382	-	2,452,316	13	-	2,452,329
Small equipment	16,300	-	-	-	-	16,300	105,414	8,923	130,637
Supplies	333,346	5,222,766	519,684	678,376	28,717	6,782,889	697,497	357	7,480,743
Telephone	1,175	-	-	-	-	1,175	285,794	-	286,969
Travel	89,665	-	-	-	-	89,665	-	-	89,665
Utilities	-	-	-	4,538,780	-	4,538,780	-	-	4,538,780
Vehicle expense	80,511	-	-	-	-	80,511	-	-	80,511
Depreciation	13,945,871	360,250	32,105	1,460,502	3,467	15,802,195	313,773	-	16,115,968
Real Estate Taxes	-	-	-	4,063,407	-	4,063,407	-	-	4,063,407
Insurance	-	-	-	1,045,680	-	1,045,680	922,958	-	1,968,638
Interest	4,897,620	-	-	2,505	-	4,900,125	1,903	-	4,902,028
	$ 71,026,859	$ 16,673,147	$ 6,224,277	$ 18,376,373	$ 3,354,280	$ 115,654,936	$ 16,149,016	$ 710,881	132,514,833

The above totals are after the application of depreciation and interest which are disclosed individually on the consolidated statements of operations.

Note 11. Benevolent Care

Homewood has a policy of providing charity care to residents who are unable to pay. Homewood's estimated annual cost of providing charity care for the years ending December 31, 2025 and 2024 was $8,356,476 and $8,361,787, respectively. Homewood Living Foundation makes grants to each facility during the year to offset the cost of the charity care. The amounts of these grants were $417,283 and $251,268 in 2025 and 2024. These amounts have been eliminated in the consolidated financial statements.

Note 12. Retirement Plans

Homewood adopted a defined contribution retirement plan in 1997. The plan covers all full-time and regular part-time employees with at least one year of service. Contributions were made to the plan at the rate of 5.0% of eligible employees' earnings and amounted to $2,375,926 and $2,215,768 in 2025 and 2024, respectively.

Homewood offers eligible employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by an insurance company. The plan, available to eligible employees, permits them to defer a portion of their salary to future years and permits Homewood to make discretionary payments into the plan. The deferred compensation is not available to employees until termination, retirement, death, vesting, or an unforeseeable emergency. At December 31, 2025 and 2024, the fair value of the assets and related liabilities of the plan was $360,566 and $316,929, respectively. Contributions to the deferred compensation plans were $90,000 for 2025 and 2024, respectively. Withdrawals from the plans were $81,754 and $111,251, respectively.

Note 13. Income Taxes

All companies of the Homewood consolidated group are not-for-profit corporations as described in Internal Revenue Code Section 501(c)(3) and are exempt from federal income tax pursuant to Section 509(a)(3) of the Internal Revenue Code.

Homewood follows generally accepted accounting principles, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. Homewood's policy is to charge penalties and interest to income tax expense as incurred. Homewood's income tax returns are subject to examination by the Internal Revenue Service and state and local taxing authorities, generally for a period of three years after the returns are filed.

Note 14. Facility Development in Process and Related Commitments

<u>Homewood Living Ministries</u>
Homewood Living Ministries expended $7,254 for rebranding initiatives.

<u>Williamsport, Maryland</u>
Homewood Living Williamsport expended $275,338 in architect fees to renovate the community center and pool. Expenses totaling $81,012 has been incurred as of December 31, 2025 related to the site's master plan. In addition, expenses totaling $26,467 have been expended for unit renovations. Lastly, $23,111 has been spent on rebranding initiatives.

Note 14. Facility Development in Process (Continued)

Hanover, Pennsylvania
Homewood Living Plum Creek is in the process of making renovations related to its master plan. As of December 31, 2025, expenses totaling $335,419 have been incurred for this project. In addition, expenses totaling $50,805 have been expended for unit renovations, $23,069 toward a new cultural arts center and $475,345 for site plan expansion. Lastly, $33,989 has been spent on rebranding initiatives.

Martinsburg, Pennsylvania
Homewood Living Martinsburg is in the planning phase of an independent living expansion. Expenses totaling $312,835 have been incurred as of December 31, 2025 for this project. Expenses totaling $75,217 have been incurred as of December 31, 2025 related to the site's master plan. In addition, expenses totaling $69,076 have been expended for unit renovations and $89,716 has been spent on IL café renovations. Lastly, $22,319 has been spent on rebranding initiatives.

Frederick, Maryland
The facility expended $119,595 toward the site's master plan as of December 31, 2025. Additionally, $18,295 has been expended for unit renovations. Lastly, $39,329 has been spent on rebranding initiatives.

Homewood Living Foundation
Homewood Living Foundation expended $7,254 for rebranding initiatives as of December 31, 2025.

Everett, Pennsylvania
Homewood Living Spring House expended $65,616 toward the site's master plan as of December 31, 2025. In addition, expenses totaling $83,824 have been expended for unit renovations. Lastly, $9,661 has been spent on rebranding initiatives.

Note 15. Reserve Requirements

Under State of Maryland Senate Bill 543, passed in 1996, Homewood is required to maintain an operating reserve related to total expenses of its Williamsport, Maryland retirement community. Liquid investments held in assets whose use is limited have been designated to comply with this requirement and are reported as statutory reserves on the accompanying balance sheets. As of December 31, 2025 and 2024, the Williamsport reserve was $3,050,226 and $2,981,827, respectively. This amount is calculated using total operating expenses as of the previous year ($21,889,429 and $21,430,379 respectively), less depreciation and amortization of $2,167,133 and $65,287, respectively, for the 2025 calculation and $2,148,901 and $65,257, respectively, for the 2024 calculation, to arrive at net operating expenses of $19,657,009 and $19,216,221 for 2025 and 2024, respectively. A pro-rata portion was calculated taking 216 units certified by the Department of Aging divided by 348 total units, for a percentage of 62.06897%. This percentage was applied to net operating expenses for a revised net operating expense of $12,200,902 and $11,927,310 for 2025 and 2024, respectively. The required reserve was calculated at 25% of net operating expenses or $3,050,226 for the year ended December 31, 2025 and $2,981,827 for the year ended December 31, 2024.

In October 2016, Homewood at Frederick, MD Inc. became a certified continuing care retirement community in the State of Maryland. Accordingly, Under State of Maryland Senate Bill 543, passed in 1996, the Frederick facility is required to maintain an operating reserve related to total expenses. Liquid investments held in assets whose use is limited have been designated to comply with this requirement and are reported as statutory reserves on the accompanying balance sheets. As of December 31, 2025 and 2024, the Frederick reserve was $9,217,150 and $7,696,286. This amount is calculated using total operating expenses as of the previous year

Note 15. Reserve Requirements (Continued)

($43,626,269 and $40,495,173, respectively), less depreciation and amortization of $6,586,372 and $171,299, respectively, for the 2025 calculation and $6,122,700 and $166,758, respectively, for the 2024 calculations, to arrive at net operating expenses of $36,868,598 and $34,205,715 for 2025 and 2024, respectively. The required reserve was calculated at 25% of net operating expenses, or $9,217,150 for the year ended December 31, 2025 and $8,551,429 for the year ended December 31, 2024.

Since the site's initial certificate of registration occurred in 2016, a 100% phase-in was then applied for 2025 (90% for 2024), for a total required operating reserve of $9,217,150 and $7,696,286 at December 31, 2025 and 2024, respectively.

Under regulations of the Insurance Department of Pennsylvania, Homewood is also required to maintain statutory liquid reserves. Liquid investments held in assets whose use is limited have been designated to comply with this requirement and are reported as statutory reserves on the accompanying balance sheets. As of December 31, 2025 and 2024 the reserve was $1,963,334 and $2,022,990, respectively. The following is a summary of the statutory liquid reserve calculations as of December 31, 2025 and 2024 for the Pennsylvania facilities:

Pennsylvania Statutory Liquid Reserve Calculation as of December 31, 2025

	Homewood at Hanover, PA Inc.	Homewood at Martinsburg, PA Inc.	Homewood at Spring House Estates, Inc.	Total Reserve
10% of Projected Operating Expenses				
Projected Operating Expenses for the year ended December 31, 2026	$ 11,744,633	$ 5,120,145	$ 3,796,738	
Less: Depreciation and amortization expense	(3,016,149)	(1,798,681)	(1,243,369)	
Projected Operating Costs, excluding depreciation and amortization	$ 8,728,484	$ 3,321,464	$ 2,553,369	
	10%	10%	10%	
	$ 872,848	$ 332,146	$ 255,337	
Long-Term Financing				
Current Debt Service Requirements	$ 975,746	$ 356,860	$ 630,728	
Conclusion				
Liquid Reserve Required	$ 975,746	$ 356,860	$ 630,728	$ 1,963,334

Note 15. Reserve Requirements (Continued)

Pennsylvania Statutory Liquid Reserve Calculation as of December 31, 2024

10% of Projected Operating Expenses	Homewood at Hanover, PA Inc.	Homewood at Martinsburg, PA Inc.	Homewood at Spring House Estates, Inc.	Total Reserve
Projected Operating Expenses for the year ended December 31, 2025	$ 11,321,291	$ 5,099,743	$ 3,718,579	
Less: Depreciation and amortization expense	(2,701,727)	(1,749,360)	(1,220,855)	
Projected Operating Costs, excluding depreciation and amortization	$ 8,619,564	$ 3,350,383	$ 2,497,724	
	10%	10%	10%	
	$ 861,956	$ 335,038	$ 249,772	
Long-Term Financing				
Current Debt Service Requirements	$ 1,007,779	$ 360,172	$ 655,039	
Conclusion				
Liquid Reserve Required	$ 1,007,779	$ 360,172	$ 655,039	$ 2,022,990

In 2025, Homewood transferred $14,230,710 from assets whose use is limited to meet the statutory reserves. In 2024, Homewood transferred $12,701,103 from assets whose use is limited to meet the statutory reserves. Amounts covered by assets whose use is limited have been determined by management to be liquid. At December 31, 2025 and 2024, the amount of such reserves met the applicable state requirements.

Note 16. Concentration of Credit Risk

In the normal course of business, Homewood extends credit without collateral to the residents of its retirement communities and health care facilities. Revenues from residents and third-party payers were as follows:

	2025	2024
Residents	78%	77%
Medicare and Medicaid	22%	23%
	100%	100%

Note 17. Beneficial Interest in Assets Held by Others

Homewood has established agency endowment funds with the Community Foundation of Washington County, Maryland, Inc., Community Foundation of Frederick County, Inc., York County Community Foundation and Central Pennsylvania Community Foundation which were valued at $129,178 and $116,383 as of December 31, 2025 and 2024, respectively. Earnings of the funds will be paid as requested either annually, semi-annually or quarterly and principal may be distributed to Homewood as may be required from time to time. To the extent that the fund is not distributed to Homewood, if the purpose for which the fund was created ever becomes obsolete or incapable of fulfillment, the Community Foundation trustees have the authority to use the funds for a purpose as similar as possible to that of Homewood.

Note 18. Interest Rate Swap Agreements

Concurrently with Homewood's debt refinance in 2020, the several existing swap agreements were blended and extended in 2020. The Maryland Obligated Group (MDOG) entered into an interest rate swap in December 2020 concurrent with the issuance of the Series 2020A Bonds. The agreement has a notional amount of $42,965,569 and expires July 1, 2029. The MDOG paid a fixed rate of interest of 1.98% and received payments based on a floating rate equal to 80% of one-month LIBOR through June 2023. Upon the discontinuation of LIBOR, the MDOG receives payments based on a floating rate equal to 80% of Fallback Rate (SOFR). On December 31, 2025 and 2024, the fair value related to the swap was $1,025,550 and $2,192,966, respectively and is reflected as an asset on the consolidated balance sheets.

The Maryland Obligated Group (MDOG) entered into a forward contract concurrent with the issuance of the Series 2020B Bonds. The agreement has a notional amount of $33,976,244 and expires on December 1, 2035. The MDOG paid a fixed rate of interest of 1.545% and received payments based on a floating rate equal to 83% of LIBOR through June 2023. Upon the discontinuation of LIBOR, the MDOG receives payments based on a floating rate equal to 83% of the sum of 1-month Term SOFR and 0.11448%. Payments on this forward contract agreement began on January 1, 2024. On December 31, 2025 and 2024, respectively the fair value related to the swap was $3,900,359 and $5,159,962 and is reflected as an asset on the consolidated balance sheets.

The change in the fair value of the MDOG swap agreements was $2,427,019 and $950,691 for the years ended December 31, 2025 and 2024, respectively, and is included in the consolidated statements of operations.

The Pennsylvania Obligated Group (PAOG) entered into an interest rate basis swap in December 2020 concurrent with the issuance of the Series 2020A Bonds. The agreement has a notional amount of $14,465,870 and expires on September 1, 2033. The PAOG paid a fixed rate of interest of 1.24% and received payments based on a floating rate equal to 79% of one-month LIBOR through June 2023. Upon the discontinuation of LIBOR, the PAOG receives payments based on a floating rate equal to 79% of SOFR. On December 31, 2025 and 2024, respectively, the fair value related to the swap was $839,810 and $1,314,675 and is reflected as an asset on the consolidated balance sheets. The change in the fair value of the PAOG swap agreement was $474,865 and $6,520, respectively, for the years ended December 31, 2025 and 2024 and is included in the consolidated statements of operations.

Note 19. Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, establish a three-level valuation hierarchy for disclosure of fair value measurement and provide disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

- Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 assets would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions and certain corporate, asset backed securities and swap agreements.

Note 19. Fair Value Measurements (Continued)

- Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement including the reporting entity's own assumptions about the market risk. Level 3 assets would include pledges receivable, hedge funds, private equity securities, and private investments in public entities.

Note 19. Fair Value Measurements (Continued)

Fair values of assets and liabilities measured on a recurring basis at December 31, 2025 and 2024 are as follows:

		Fair Value Measurements at December 31, 2025 Using		
Description	Fair Value 12/31/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by others	$ 129,178	$ -	$ 129,178	$ -
Assets whose use is limited:				
Money market	$ 19,224,917	$ -	$ 19,224,917	$ -
U.S. treasury obligations	3,795,428	3,795,428	-	-
U.S. agency obligations	39,933	-	39,933	-
Mortgage backed securities	2,708,244	-	2,708,244	-
Corporate and foreign bonds:				
AAA rating	17,015			
AA rating	154,158	-	154,158	-
A rating	1,084,649	-	1,084,649	-
Less than A rating	2,380,778	-	2,380,778	-
Not rated	5	-	5	-
Retirement plan investments - mutual fund	360,566	360,566	-	-
Corporate and foreign stocks	40,964,720	40,964,720		
Mutual funds:				
Aggregate Bond Fund	22,953,057	22,953,057	-	-
Emerging Markets	8,925,696	8,925,696	-	-
International Equity Fund	25,296,346	25,296,346	-	-
Real Estate Index	2,151,931	2,151,931	-	-
Short Term Fund	145	145	-	-
Small Cap Stock Fund	12,503,528	12,503,528	-	-
Spectrum Moderate Allocation	1,136,887	1,136,887	-	-
Spectrum Conservative Allocation	4,552,073	4,552,073	-	-
	$ 148,250,076	$ 122,640,377	$ 25,592,684	$ -
Pledges receivable	$ 79,584	$ -	$ -	$ 79,584
Interest rate swaps	$ 5,765,719	$ -	$ 5,765,719	$ -
Total assets	$ 154,224,557	$ 122,640,377	$ 31,487,581	$ 79,584

Note 19. Fair Value Measurements (Continued)

Description	Fair Value 12/31/2024	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Beneficial interest in assets held by others	$ 116,383	$ -	$ 116,383	$ -
Assets whose use is limited:				
Money market	$ 15,934,479	$ -	$ 15,934,479	$ -
U.S. treasury obligations	3,433,840	3,433,840	-	-
U.S. agency obligations	1,876,313	-	1,876,313	-
Mortgage backed securities	2,465,155	-	2,465,155	-
Corporate and foreign bonds:				
AA rating	61,980	-	61,980	-
A rating	1,155,182	-	1,155,182	-
Less than A rating	2,422,439	-	2,422,439	-
Not rated	35	-	35	-
Retirement plan investments - mutual fund	316,929	316,929	-	-
Corporate and foreign stocks	28,492,758	28,492,758		
Mutual funds:				
Aggregate Bond Fund	7,039,078	7,039,078	-	-
Emerging Markets	5,839,553	5,839,553	-	-
Floating Rate	399,823	399,823	-	-
Inflation Protected	263,115	263,115	-	-
International Equity Fund	18,252,013	18,252,013	-	-
Real Estate Index	2,135,341	2,135,341	-	-
Small Cap Stock Fund	10,536,877	10,536,877	-	-
Spectrum Moderate Allocation	825,889	825,889	-	-
Spectrum Conservative Allocation	4,066,874	4,066,874	-	-
Short-Term Bond	9,473,423	9,473,423	-	-
	$ 114,991,096	$ 91,075,513	$ 23,915,583	$ -
Pledges receivable	$ 26,834	$ -	$ -	$ 26,834
Interest rate swaps	$ 8,667,603	$ -	$ 8,667,603	$ -
Total assets	$ 123,801,916	$ 91,075,513	$ 32,699,569	$ 26,834

Note 19. Fair Value Measurements (Continued)

The fair values for beneficial interest in assets held by others and assets whose use is limited are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for pledges receivable are determined by calculating the present value of the pledges expected to be received, using a discount rate of 5%. Fair values for interest rate swaps are determined based on the terms of each agreement and proprietary valuation techniques of M&T Bank and Fulton Bank, which consider the present value of estimated expected future cash flows.

The total realized gains (losses) for the assets and liabilities, listed above, that are included in revenue at December 31, 2025 and 2024 were $5,842,564 and $9,031,263, respectively. The total change in unrealized gains (losses) for the assets and liabilities, listed above, that are included in the change in net assets at December 31, 2025 and 2024 were $4,178,194 and $(933,401), respectively.

The changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows at December 31:

	Unobservable Inputs (Level 3)
Balance, December 31, 2023	$ 126,634
New pledges	-
Payments received	(109,700)
Write-off of pledges deemed uncollectible	-
Change in present value	9,900
Balance, December 31, 2024	26,834
New pledges	80,000
Payments received	(27,250)
Write-off of pledges deemed uncollectible	-
Change in present value	-
Balance, December 31, 2025	$ 79,584

The amount of total gains or (losses) for the period included in the changes in net assets	2025	2024
	$ -	$ 9,900

Note 20. Benevolent Care and Facility Improvement Funds

Homewood has benevolent care, facility improvement, and resident life enrichment funds which have been established for the purpose of benevolent care of and enrichment for residents and for facility improvements. These funds include both donor restricted funds and funds designated by the Board of Trustees. As required by generally accepted accounting principles, net asset classifications associated with these funds, including assets designated by the Board of Trustees, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 20. Benevolent Care and Facility Improvement Funds (Continued)

The Board of Trustees has interpreted the agreements establishing these funds as requiring the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted funds, absent any explicit donor stipulations to the contrary. As a result of this interpretation, Homewood classifies as net assets with donor restrictions the original value of gifts donated to these funds and the original value of subsequent gifts to these funds. The remaining funds which are designated by the Board of Trustees are reported as net assets without donor restrictions. In making a determination to preserve these funds, management considers attributes such as the duration and preservation of the funds, the purpose of the gift, general economic conditions, the effects of inflation and deflation, the expected total return from income and the appreciation of the investments, and the overall investment policies of Homewood.

The endowment net asset composition at December 31, 2025 and 2024 is as follows:

2025	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 453,000	$ 453,000
Board-designated endowment funds	102,153,752	-	102,153,752
Board-designated Resident Life Enrichment Endowment Fund	7,556,752	-	7,556,752
Facility improvements in Hanover, PA	-	967,913	967,913
Total	$ 109,710,504	$ 1,420,913	$ 111,131,417

2024	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 453,000	$ 453,000
Board-designated endowment funds	80,055,026	-	80,055,026
Board-designated Resident Life Enrichment Endowment Fund	6,070,156	-	6,070,156
Facility improvements in Hanover, PA	-	967,913	967,913
Total	$ 86,125,182	$ 1,420,913	$ 87,546,095

Note 20. Benevolent Care and Facility Improvement Funds (Continued)

The changes in endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

2025	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	$ 86,125,182	$ 1,420,913	$ 87,546,095
Contributions to/increases in benevolent care funds	4,420,633	-	4,420,633
Annuity funds released from restriction	122,482	-	122,482
(Increase) in annuity liability	(248,078)	-	(248,078)
Charitable gift portion of new annuities	(195,801)	-	(195,801)
Change in unrealized gains and losses - annuities	178,515	-	178,515
Restricted funds released from restriction (benevolent)	315,260	-	315,260
Increase in RLEEF fund	1,486,596	-	1,486,596
Investment income	5,842,564	-	5,842,564
Deposits	5,407,831	-	5,407,831
Net change in realized and unrealized gains/losses - investments	6,255,320	-	6,255,320
Endowment net assets - end of year	$ 109,710,504	$ 1,420,913	$ 111,131,417

2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	$ 74,273,173	$ 1,418,413	$ 75,691,586
Contributions to benevolent	577,702	-	577,702
Benevolent amounts paid to sites	(251,268)	-	(251,268)
Annuity funds released from restriction	28,982	-	28,982
(Increase) in annuity liability	(209,863)	-	(209,863)
Charitable gift portion of new annuities	(167,986)	-	(167,986)
Change in unrealized gains and losses - annuities	165,167	-	165,167
Restricted funds released from restriction	878,162	-	878,162
Investment income	625,531	-	625,531
Deposits	5,289,800	-	5,289,800
Contributions to endowment held in perpetuity	-	2,500	2,500
Net change in realized and unrealized gains/losses - investments	6,491,868	-	6,491,868
(Increase) in statutory reserves	(1,576,086)	-	(1,576,086)
Endowment net assets - end of year	86,125,182	1,420,913	87,546,095

The Resident Life Enrichment Endowment Fund (RLEEF) was created as a board-designated endowment fund in 2017. The interest from this fund will be used toward enhanced programming, above and beyond budgeted activities, that enhances the lives of the Homewood Resident Family and surrounding community. A committee at each campus, which has resident participation, is responsible for identifying funding opportunities which are then approved by Senior Management. The balance of this fund was $7,556,752 and $6,070,156 at December 31, 2025 and 2024, respectively.

Investment income on the above schedules includes interest and dividends on endowment investments with donor restrictions.

Note 21. Intercompany Transactions

In August 2016, Homewood Living Ministries issued a noninterest-bearing promissory note lending $20,062,350 to Homewood Living Frederick. Terms of the agreement require annual principal payments, beginning January 1, 2023, with the entire outstanding balance due December 31, 2032. Accordingly, one-tenth of the balance ($2,006,235) has been reclassed as the current portion of intercompany note receivable on Homewood Living Ministries' books and as the current portion of intercompany note payable on Homewood at Frederick MD, Inc. The remaining balance is considered long-term. These receivables and payables are eliminated in the consolidated financial statements.

The intercompany transactions remaining on the consolidating balance sheet at December 31, 2025 and 2024 were made as cash flow transfers to cover operating expenses but are expected to be repaid within the normal course of operations. These receivables and payables are eliminated in the consolidated financial statements. Interest is accrued on the outstanding balances based on the effective interest rate of unrelated debt for the specific site. Accrued interest receivable and payable are eliminated in the consolidated financial statements.

Note 22. Legal Contingencies

Various legal claims have been asserted or arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on Homewood's consolidated financial statements. If a legal claim is determined to meet certain criteria under U.S. GAAP; that is, a loss is both probable and reasonably estimable, an estimated liability is accrued as of the date in which the contingency meets both criteria.

Note 23. Subsequent Events

Homewood has evaluated events and transactions subsequent to December 31, 2025 through March 26, 2026, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, management has not identified any events that require recognition or disclosure in the financial statements.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION

Board of Trustees
Homewood Living Ministries, Inc. and Subsidiaries
Williamsport, Maryland

We have audited the consolidated financial statements of Homewood Living Ministries and Subsidiaries as of and for the years ended December 31, 2025 and 2024, and our report thereon dated March 26, 2026, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information, on pages 40 through 51, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it is 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 consolidating information has been subjected to the auditing procedures applied in the audits 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Smith Elliott Kearns & Company, LLC.

Hagerstown, Maryland
March 26, 2026

HOMEWOOD LIVING MINISTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2025

	Homewood Living Ministries	Homewood Living Williamsport	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Frederick	Homewood Living Foundation	Homewood Living Spring House	Eliminations	Consolidated
ASSETS									
Current assets									
Cash and cash equivalents	$ 7,917,640	$ 10,311,481	$ 23,313,536	$ 6,264,134	$ 23,363,515	$ 731,603	$ 600,590	$ -	$ 72,502,499
Accounts receivable, net	214,429	1,047,695	1,004,408	1,938,609	1,680,632	-	38,923	-	5,924,696
Pledges receivable, net	-	-	-	-	-	33,700	-	-	33,700
Due from affiliates	849,681	136,891	341,096	210,577	159,142	126,300	20,671	(1,844,358)	-
Intercompany note receivable	2,006,235	-						(2,006,235)	-
Supplies and prepaid expenses	572,484	274,239	809,272	449,014	1,572,492	14,968	320,931	-	4,013,400
Total current assets	11,560,469	11,770,306	25,468,312	8,862,334	26,775,781	906,571	981,115	(3,850,593)	82,474,295
Pledges receivable, less current portion	-	-	-	-	-	45,884	-	-	45,884
Advances to affiliates	-	-	885,000	-	-	-	-	(885,000)	-
Intercompany note receivable	12,037,410	-	-	-	-	-	-	(12,037,410)	-
Assets whose use is limited	30,921,271	1,208,296	12,343,308	5,580,891	54,182,620	29,472,857	310,123	-	134,019,366
Statutory reserves	-	3,050,226	975,746	356,860	9,217,150	-	630,728	-	14,230,710
Right of use assets	-	326,596	489,162	452,902	438,549	-	-	-	1,707,209
Property and equipment									-
Land and improvements	97,092	395,309	5,037,041	1,426,437	5,700,347	-	1,214,968	-	13,871,194
Buildings and improvements	2,701,091	63,294,645	89,603,060	56,239,418	206,733,520	-	38,556,237	-	457,127,971
Furniture, equipment and vehicles	2,510,038	7,890,957	14,535,720	8,411,070	17,600,070	16,964	3,168,273	-	54,133,092
Less accumulated depreciation	(4,108,654)	(47,395,917)	(68,302,596)	(41,957,087)	(76,965,489)	(15,761)	(15,318,575)	-	(254,064,079)
	1,199,567	24,184,994	40,873,225	24,119,838	153,068,448	1,203	27,620,903	-	271,068,178
Projects in process	43,110	492,424	1,022,212	599,771	389,650	7,254	171,821	-	2,726,242
	1,242,677	24,677,418	41,895,437	24,719,609	153,458,098	8,457	27,792,724	-	273,794,420
Beneficial interest in assets held by others	-	-	-	-	-	129,178	-	-	129,178
Interest rate swap agreements	-	295,207	444,579	143,748	4,630,701	-	251,484	-	5,765,719
TOTAL ASSETS	$ 55,761,827	$ 41,328,049	$ 82,501,544	$ 40,116,344	$ 248,702,899	$ 30,562,947	$ 29,966,174	$ (16,773,003)	$ 512,166,781
LIABILITIES AND NET ASSETS									
Current liabilities									
Current maturities of finance leases	$ -	$ 44,235	$ 49,503	$ 81,480	$ 51,036	$ -	$ -	$ -	$ 226,254
Current maturities of intercompany note payable	-	-	-	-	2,006,235	-	-	(2,006,235)	-
Current maturities of long-term debt	-	597,949	906,126	292,981	4,346,907	-	512,566	-	6,656,529
Accounts payable	177,252	991,220	1,757,382	1,438,582	677,573	1,085,285	895,336	-	7,022,630
Due to affiliates	678,211	185,408	282,176	169,758	292,750	107,279	128,776	(1,844,358)	-
Accrued liabilities and deposits	1,933,970	1,090,087	1,550,471	1,206,652	2,600,660	1,442,664	282,499		10,107,003
Total current liabilities	2,789,433	2,908,899	4,545,658	3,189,453	9,975,161	2,635,228	1,819,177	(3,850,593)	24,012,416
Advances from affiliates	-	-	-	-	-	-	885,000	(885,000)	-
Intercompany note payable	-	-	-	-	12,037,410	-	-	(12,037,410)	-
Finance lease liabilities, less current maturities	-	285,503	456,474	383,323	403,055	-	-	-	1,528,355
Long-term debt, less current maturities and unamortized debt issuance costs	-	13,536,373	6,561,999	2,121,749	103,719,671	-	3,712,496	-	129,652,288
Refundable fees	-	8,865,419	22,088,241	7,373,160	28,766,965	-	3,912,392	-	71,006,177
Deferred revenue from advance fees	-	4,377,739	17,308,077	5,269,494	20,876,211	-	3,557,895	-	51,389,416
Total liabilities	2,789,433	29,973,933	50,960,449	18,337,179	175,778,473	2,635,228	13,886,960	(16,773,003)	277,588,652
Net assets									
Without donor restrictions	52,972,394	11,354,116	31,541,095	21,779,165	72,924,426	6,196,384	16,079,214	-	212,846,794
With donor restrictions:									
Restricted by donor for a specific purpose	-	-	-	-	-	20,310,422	-	-	20,310,422
Restricted by donor to be held in perpetuity	-	-	-	-	-	1,420,913	-	-	1,420,913
Total net assets	52,972,394	11,354,116	31,541,095	21,779,165	72,924,426	27,927,719	16,079,214	-	234,578,129
TOTAL LIABILITIES AND NET ASSETS	$ 55,761,827	$ 41,328,049	$ 82,501,544	$ 40,116,344	$ 248,702,899	$ 30,562,947	$ 29,966,174	$ (16,773,003)	$ 512,166,781

HOMEWOOD LIVING MINISTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2025

	Homewood Living Ministries	Homewood Living Williamsport	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Frederick	Homewood Living Foundation	Homewood Living Spring House	Eliminations	Consolidated
Revenue, gains and other support									
Amortization of advance fees	$ -	$ 1,829,279	$ 5,129,683	$ 1,813,932	$ 4,193,124	$ -	$ 941,685	$ -	$ 13,907,703
Other client service revenue	-	15,331,531	25,886,987	14,923,322	35,965,735	-	5,008,323	-	97,115,898
Revenues from nonresidents	-	6,268,635	7,860,713	10,887,616	7,159,350	-	-	-	32,176,314
Provision for credit losses	-	(149,144)	70,419	(464,147)	(2,049)	-	(23,820)	-	(568,741)
Net client services revenue less provision for credit losses	$ -	$ 23,280,301	$ 38,947,802	$ 27,160,723	$ 47,316,160	$ -	$ 5,926,188	$ -	$ 142,631,174
Investment income available for operations	712,497	278,410	787,023	157,915	706,724	328,479	1,232	-	2,972,280
Other	8,011,532	290,262	415,005	310,693	358,830	865,494	123,033	(9,070,769)	1,304,080
Total revenue and other support	8,724,029	23,848,973	40,149,830	27,629,331	48,381,714	1,193,973	6,050,453	(9,070,769)	146,907,534
Expenses									
Client services	-	10,075,344	14,991,799	14,240,522	13,166,838	417,283	1,228,979	(488,047)	53,632,718
Dietary	-	2,640,728	4,574,556	3,144,285	6,212,191	-	577,089	-	17,148,849
Housekeeping and laundry	17,825	1,196,385	2,166,487	1,354,996	1,508,684	-	185,155	-	6,429,532
Maintenance and utilities	89,892	2,347,308	4,932,449	2,744,560	7,147,620	-	1,375,896	-	18,637,725
Administrative	7,487,191	3,273,689	4,717,850	4,138,768	5,844,953	914,961	1,078,256	(8,653,486)	18,802,182
Marketing	-	709,560	648,028	728,527	982,944	-	375,330	-	3,444,389
Depreciation	188,154	2,176,668	3,384,502	2,431,109	6,807,264	885	1,500,605	-	16,489,187
Interest expense	-	535,809	268,492	104,031	3,598,048	-	160,584	-	4,666,964
Total expenses	7,783,062	22,955,491	35,684,163	28,886,798	45,268,542	1,333,129	6,481,894	(9,141,533)	139,251,546
Operating income (loss)	940,967	893,482	4,465,667	(1,257,467)	3,113,172	(139,156)	(431,441)	70,764	7,655,988
Nonoperating revenue (expense)									
Gain on sale of property	-	-	-	-	375	-	-	-	375
Gain from insurance proceeds	-	-	-	40,210	-	-	56,345	-	96,555
Contributions	-	20,710	82,217	59,813	59,299	-	23,569	(70,764)	174,844
Net realized gains on investments	691,963	220,111	242,219	532,558	3,463,521	608,778	83,414	-	5,842,564
Total nonoperating revenue (expense)	691,963	240,821	324,436	632,581	3,523,195	608,778	163,328	(70,764)	6,114,338
Excess (deficit) of revenues over expenses	1,632,930	1,134,303	4,790,103	(624,886)	6,636,367	469,622	(268,113)	-	13,770,326
Change in net unrealized gains (losses) on investments	1,728,917	251,251	932,002	277,528	3,557,700	(535,656)	43,578	-	6,255,320
Change in fair value of interest rate swap agreements	-	(223,779)	(251,384)	(81,281)	(2,203,240)	-	(142,200)	-	(2,901,884)
Contributions to innovation fund	94,852	-	-	-	-	-	-	-	94,852
Transfer of net assets	-	-	-	-	-	(356,749)			(356,749)
Net assets released from restrictions	-	-	-	-	-	940,965	-	-	940,965
Increase (decrease) in net assets without donor restrictions	$ 3,456,699	$ 1,161,775	$ 5,470,721	$ (428,639)	$ 7,990,827	$ 518,182	$ (366,735)	$ -	$ 17,802,830

HOMEWOOD LIVING MINISTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
TWELVE MONTHS ENDED DECEMBER 31, 2025

	Homewood Living Ministries	Homewood Living Williamsport	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Frederick	Homewood Living Foundation	Homewood Living Spring House	Eliminations	Consolidated
Net assets without donor restrictions:									
Excess (deficit) of revenues over expenses	$ 1,632,930	$ 1,134,303	$ 4,790,103	$ (624,886)	$ 6,636,367	$ 469,622	$ (268,113)	$ -	$ 13,770,326
Change in net unrealized gains (losses) on investments	1,728,917	251,251	932,002	277,528	3,557,700	(535,656)	43,578	-	6,255,320
Change in fair value of interest rate swap agreements	-	(223,779)	(251,384)	(81,281)	(2,203,240)	-	(142,200)	-	(2,901,884)
Contributions to innovation fund	94,852	-	-	-	-	-	-	-	94,852
Transfer of net assets	-	-	-	-	-	(356,749)			(356,749)
Net assets released from restrictions	-	-	-	-	-	940,965	-	-	940,965
Increase (decrease) in net assets without donor restrictions	3,456,699	1,161,775	5,470,721	(428,639)	7,990,827	518,182	(366,735)	-	17,802,830
Net assets with donor restrictions:									
Contributions for a specified purpose	-	-	-	-	-	3,254,562	-	-	3,254,562
Earnings from investments	-	-	-	-	-	331,929	-	-	331,929
Change in net unrealized gains and (losses) on investments	-	-	-	-	-	824,758	-	-	824,758
Net assets released from restrictions	-	-	-	-	-	(940,965)	-	-	(940,965)
Transfer of net assets	-	-	-	-	-	356,749	-	-	356,749
Increase in net assets with donor restrictions	-	-	-	-	-	3,827,033	-	-	3,827,033
Increase (decrease) in net assets	3,456,699	1,161,775	5,470,721	(428,639)	7,990,827	4,345,215	(366,735)	-	21,629,863
Net assets, beginning of year	49,515,695	10,192,341	26,070,374	22,207,804	64,933,599	23,582,504	16,445,949	-	212,948,266
Net assets, end of year	$ 52,972,394	$ 11,354,116	$ 31,541,095	$ 21,779,165	$ 72,924,426	$ 27,927,719	$ 16,079,214	$ -	$ 234,578,129

HOMEWOOD LIVING MINISTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOW
TWELVE MONTHS ENDED DECEMBER 31, 2025

	Homewood Living Ministries	Homewood Living Williamsport	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Frederick	Homewood Living Foundation	Homewood Living Spring House	Eliminations	Consolidated
Cash flows from operating activities									
Change in net assets	$ 3,456,699	$ 1,161,775	$ 5,470,721	$ (428,639)	$ 7,990,827	$ 4,345,215	$ (366,735)	-	$ 21,629,863
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:									
Depreciation	188,154	2,128,327	3,334,891	2,347,012	6,751,935	885	1,500,605	-	16,251,809
Amortization of financing lease right to use assets	-	48,341	49,611	84,097	55,329	-	-	-	237,378
Write-offs of bad debts	-	7,552	20,351	406,419	12,867	-	-	-	447,189
Change in allowance	-	149,144	(70,419)	464,147	2,049	-	23,820	-	568,741
Non cash interest expense associated with debt issuance costs	-	16,945	23,472	7,596	113,795	-	13,464	-	175,272
Amortization of bond premium	-	(30,460)	-	-	(167,484)	-	-	-	(197,944)
(Gain) on disposal of property and equipment	-	-	-	-	(375)	-	-	-	(375)
Change in net realized and unrealized (gains) and losses on investments	(1,728,917)	(251,251)	(932,002)	(277,528)	(3,557,700)	(289,102)	(43,578)	-	(7,080,078)
Change in fair value of interest rate swap agreements	-	223,779	251,384	81,281	2,203,240	-	142,200	-	2,901,884
Entrance fees earned	-	(1,829,279)	(5,129,683)	(1,813,932)	(4,193,124)	-	(941,685)	-	(13,907,703)
Change in pledges receivable	-	-	-	-	-	5,947,250	-	-	5,947,250
Change in accounts receivable	(214,337)	(347,940)	97,360	(411,537)	51,633	-	(37,329)	-	(862,150)
Change in accounts payable and accruals	(217,866)	(220,551)	(306,950)	549,076	(601,489)	1,311,815	38,564	-	552,599
Change in intercompany advances	-	-	500,000	-	-	-	(500,000)	-	-
Change in intercompany balances	381,970	(25,709)	212,731	(55,073)	(193,193)	(330,419)	9,693	-	-
Proceeds from restricted contributions	-	-	-	-	-	(3,399,510)	-	-	(3,399,510)
Other, net	139,025	1,328	(72,594)	(24,578)	5,703	(14,476)	(58,744)	-	(24,336)
Net cash provided (used) by operating activities	2,004,728	1,032,001	3,448,873	928,341	8,474,013	7,571,658	(219,725)	-	23,239,889
Cash flows from investing activities									
Routine capital expenditures	(104,370)	(473,587)	(1,562,511)	(582,776)	(2,505,630)	-	(454,197)	-	(5,683,071)
Renovation expenditures	-	(781,742)	(1,285,664)	(505,105)	(896,906)	-	(196,252)	-	(3,665,669)
Proceeds from sale and disposals of assets	-	-	-	-	375	-	-	-	375
Purchase of marketable securities	(19,640,551)	(1,371,927)	(9,456,010)	(1,719,708)	(21,525,757)	(33,992,035)	(271,213)	-	(87,977,201)
Proceeds from sale of marketable securities	16,777,878	723,888	3,213,790	1,187,149	16,459,462	23,235,539	187,799	-	61,785,505
Net cash (used) by investing activities	(2,967,043)	(1,903,368)	(9,090,395)	(1,620,440)	(8,468,456)	(10,756,496)	(733,863)	-	(35,540,061)
Cash flows from financing activities									
Proceeds from restricted contributions	-	-	-	-	-	3,399,510	-	-	3,399,510
Entrance fees paid by new residents	-	5,835,651	11,018,899	4,085,667	12,255,585	-	2,051,483	-	35,247,285
Refunds of entrance fees	-	(826,991)	(856,819)	(550,911)	(765,574)	-	(699,711)	-	(3,700,006)
Principal payments on finance lease obligations	-	(43,118)	(47,801)	(79,537)	(52,292)	-	-	-	(222,748)
Principal payments on intercompany note	2,006,235	-	-	-	(2,006,235)	-	-	-	-
Debt retirement	-	(576,934)	(883,467)	(285,656)	(4,204,171)	-	(499,748)	-	(6,449,976)
Net cash provided by financing activities	2,006,235	4,388,608	9,230,812	3,169,563	5,227,313	3,399,510	852,024	-	28,274,065
Net increase (decrease) in cash and cash equivalents	1,043,920	3,517,241	3,589,290	2,477,464	5,232,870	214,672	(101,564)	-	15,973,893
Cash and cash equivalents, beginning of year	6,873,720	6,794,240	19,724,246	3,786,670	18,130,645	516,931	702,154	-	56,528,606
Cash and cash equivalents, end of year	$ 7,917,640	$ 10,311,481	$ 23,313,536	$ 6,264,134	$ 23,363,515	$ 731,603	$ 600,590	$ -	$ 72,502,499
Supplemental disclosure of cash flow information									
Cash paid during the year for interest including amounts capitalized	$ -	$ 543,460	$ 272,749	$ 105,407	$ 3,741,428	$ -	$ 162,993	$ -	$ 4,826,037

HOMEWOOD LIVING MINISTRIES, INC.
MARYLAND OBLIGATED GROUP
CONSOLIDATING BALANCE SHEET
December 31, 2025

	Homewood Living Williamsport	Homewood Living Frederick	Eliminations	Homewood Maryland Obligated Group
ASSETS				
Current assets				
Cash and cash equivalents	$ 10,311,481	$ 23,363,515	$ -	$ 33,674,996
Accounts receivable, net	1,047,695	1,680,632	-	2,728,327
Pledges receivable, net	-	-	-	-
Due from affiliates	136,891	159,142	-	296,033
Supplies and prepaid expenses	274,239	1,572,492	-	1,846,731
Total current assets	11,770,306	26,775,781	-	38,546,087
Pledges receivable, less current portion	-	-	-	-
Advances to affiliates	-	-	-	-
Intercompany note receivable	-	-	-	-
Assets whose use is limited	1,208,296	54,182,620	-	55,390,916
Statutory reserves	3,050,226	9,217,150	-	12,267,376
Right of use assets	326,596	438,549	-	765,145
Property and equipment				
Land and improvements	395,309	5,700,347	-	6,095,656
Buildings and improvements	63,294,645	206,733,520	-	270,028,165
Furniture, equipment and vehicles	7,890,957	17,600,070	-	25,491,027
Less accumulated depreciation	(47,395,917)	(76,965,489)	-	(124,361,406)
	24,184,994	153,068,448	-	177,253,442
Projects in process	492,424	389,650	-	882,074
	24,677,418	153,458,098	-	178,135,516
Beneficial interest in assets held by others	-	-	-	-
Interest rate swap agreements	295,207	4,630,701	-	4,925,908
TOTAL ASSETS	$ 41,328,049	$ 248,702,899	$ -	$ 290,030,948
LIABILITIES AND NET ASSETS				
Current liabilities				
Current maturities of finance leases	$ 44,235	$ 51,036	$ -	$ 95,271
Current maturities of note payable	-	2,006,235	-	2,006,235
Current maturities of long-term debt	597,949	4,346,907	-	4,944,856
Accounts payable	991,220	677,573	-	1,668,793
Due to affiliates	185,408	292,750	-	478,158
Accrued liabilities and deposits	1,090,087	2,600,660	-	3,690,747
Total current liabilities	2,908,899	9,975,161	-	12,884,060
Advances from affiliates	-	-	-	-
Intercompany note payable	-	12,037,410	-	12,037,410
Finance lease liabilities, less current maturities	285,503	403,055	-	688,558
Note payable, less current maturities	-	-	-	-
Long-term debt, less current maturities and unamortized debt issuance costs	13,536,373	103,719,671	-	117,256,044
Refundable fees	8,865,419	28,766,965	-	37,632,384
Deferred revenue from advance fees	4,377,739	20,876,211	-	25,253,950
Total liabilities	29,973,933	175,778,473	-	205,752,406
Net assets				
Without donor restrictions	11,354,116	72,924,426	-	84,278,542
With donor restrictions:				
Restricted by donor for a specific purpose	-	-	-	-
Restricted by donor to be held in perpetuity	-	-	-	-
Total net assets	11,354,116	72,924,426	-	84,278,542
TOTAL LIABILITIES AND NET ASSETS	$ 41,328,049	$ 248,702,899	$ -	$ 290,030,948

HOMEWOOD LIVING MINISTRIES, INC.
MARYLAND OBLIGATED GROUP
CONSOLIDATING STATEMENT OF OPERATIONS
Twelve Months Ended December 31, 2025

	Homewood Living Williamsport	Homewood Living Frederick	Eliminations	Homewood Maryland Obligated Group
Revenue, gains and other support				
Amortization of advance fees	$ 1,829,279	$ 4,193,124	$ -	$ 6,022,403
Other client service revenue	15,331,531	35,965,735	-	51,297,266
Revenues from nonresidents	6,268,635	7,159,350	-	13,427,985
Provision for credit losses	(149,144)	(2,049)	-	(151,193)
Net client services revenue less provision for credit losses	$ 23,280,301	$ 47,316,160	$ -	$ 70,596,461
Investment income available for operations	278,410	706,724	-	985,134
Other	290,262	358,830	-	649,092
Total revenue and other support	23,848,973	48,381,714	-	72,230,687
Expenses				
Client services	10,075,344	13,166,838	-	23,242,182
Dietary	2,640,728	6,212,191	-	8,852,919
Housekeeping and laundry	1,196,385	1,508,684	-	2,705,069
Maintenance and utilities	2,347,308	7,147,620	-	9,494,928
Administrative	3,273,689	5,844,953	-	9,118,642
Marketing	709,560	982,944	-	1,692,504
Depreciation	2,176,668	6,807,264	-	8,983,932
Interest expense	535,809	3,598,048	-	4,133,857
Total	22,955,491	45,268,542	-	68,224,033
Operating income	893,482	3,113,172	-	4,006,654
Nonoperating revenue (expense)				
Gain on sale of property	-	375	-	375
Contributions	20,710	59,299	-	80,009
Net realized gains on investments	220,111	3,463,521	-	3,683,632
Total nonoperating revenue (expense)	240,821	3,523,195	-	3,764,016
Excess of revenues over expenses	1,134,303	6,636,367	-	7,770,670
Change in net unrealized gains (losses) on investments	251,251	3,557,700	-	3,808,951
Change in fair value of interest rate swap agreements	(223,779)	(2,203,240)	-	(2,427,019)
Increase in net assets without donor restrictions	$ 1,161,775	$ 7,990,827	$ -	$ 9,152,602

HOMEWOOD LIVING MINISTRIES, INC.
MARYLAND OBLIGATED GROUP
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
Twelve Months Ended December 31, 2025

	Homewood Living Williamsport	Homewood Living Frederick	Eliminations	Homewood Maryland Obligated Group
Net assets without donor restrictions:				
Excess of revenues over expenses	$ 1,134,303	$ 6,636,367	$ -	$ 7,770,670
Change in net unrealized gains (losses) on investments	251,251	3,557,700	-	3,808,951
Change in fair value of interest rate swap agreements	(223,779)	(2,203,240)	-	(2,427,019)
Increase in net assets without donor restrictions	1,161,775	7,990,827	-	9,152,602
Net assets, beginning of year	10,192,341	64,933,599	-	75,125,940
Net assets, end of year	$ 11,354,116	$ 72,924,426	$ -	$ 84,278,542

HOMEWOOD LIVING MINISTRIES, INC.
MARYLAND OBLIGATED GROUP
CONSOLIDATING STATEMENT OF CASH FLOW
Twelve Months Ended December 31, 2025

	Homewood Living Williamsport	Homewood Living Frederick	Eliminations	Homewood Maryland Obligated Group
Cash flows from operating activities				
Change in net assets	$ 1,161,775	$ 7,990,827	-	$ 9,152,602
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	2,128,327	6,751,935	-	8,880,262
Write-offs of bad debts	7,552	12,867	-	20,419
Change in allowance	149,144	2,049	-	151,193
Amortization of finance lease right to use assets	48,341	55,329	-	103,670
Non cash interest expense associated with debt issuance costs	16,945	113,795	-	130,740
Amortization of bond premium	(30,460)	(167,484)	-	(197,944)
(Gain) on disposal of property and equipment	-	(375)	-	(375)
Change in net realized and unrealized (gains) and losses on investments	(251,251)	(3,557,700)	-	- (3,808,951)
Change in fair value of interest rate swap agreements	223,779	2,203,240	-	2,427,019
Entrance fees earned	(1,829,279)	(4,193,124)	-	(6,022,403)
Change in accounts receivable	(347,940)	51,633	-	(296,307)
Change in accounts payable and accruals	(220,551)	(601,489)	-	(822,040)
Change in intercompany balances	(25,709)	(193,193)	-	(218,902)
Other, net	1,328	5,703	-	7,031
Net cash provided by operating activities	1,032,001	8,474,013	-	9,506,014
Cash flows from investing activities				
Routine capital expenditures	(473,587)	(2,505,630)	-	(2,979,217)
Renovation expenditures	(781,742)	(896,906)	-	(1,678,648)
Proceeds from sale and disposals of assets	-	375	-	375
Purchase of marketable securities	(1,371,927)	(21,525,757)		(22,897,684)
Proceeds from sale of marketable securities	723,888	16,459,462	-	17,183,350
Net cash (used) by investing activities	(1,903,368)	(8,468,456)	-	(10,371,824)
Cash flows from financing activities				
Entrance fees paid by new residents	5,835,651	12,255,585	-	18,091,236
Refunds of entrance fees	(826,991)	(765,574)	-	(1,592,565)
Principal payments on capital lease obligations	(43,118)	(52,292)	-	(95,410)
Principal payments on intercompany note	-	(2,006,235)	-	(2,006,235)
Debt retirement	(576,934)	(4,204,171)	-	(4,781,105)
Net cash provided by financing activities	4,388,608	5,227,313	-	9,615,921
Net increase in cash and cash equivalents	3,517,241	5,232,870	-	8,750,111
Cash and cash equivalents, beginning of year	6,794,240	18,130,645	-	24,924,885
Cash and cash equivalents, end of year	$ 10,311,481	$ 23,363,515	$ -	$ 33,674,996
Supplemental disclosure of cash flow information				
Cash paid during the year for interest including amounts capitalized	$ 543,460	$ 3,741,428	$ -	$ 4,284,888

HOMEWOOD LIVING MINISTRIES, INC.
PENNSYLVANIA OBLIGATED GROUP
CONSOLIDATING BALANCE SHEET
December 31, 2025

	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Spring House	Eliminations	Homewood Pennsylvania Obligated Group
ASSETS					
Current assets					
Cash and cash equivalents	$ 23,313,536	$ 6,264,134	$ 600,590	$ -	$ 30,178,260
Accounts receivable, net	1,004,408	1,938,609	38,923	-	2,981,940
Due from affiliates	341,096	210,577	20,671	-	572,344
Supplies and prepaid expenses	809,272	449,014	320,931	-	1,579,217
Total current assets	25,468,312	8,862,334	981,115	-	35,311,761
Advances to affiliates	885,000	-	-	(885,000)	-
Assets whose use is limited	12,343,308	5,580,891	310,123	-	18,234,322
Statutory reserves	975,746	356,860	630,728	-	1,963,334
Right of use assets	489,162	452,902	-	-	942,064
Property and equipment					
Land and improvements	5,037,041	1,426,437	1,214,968	-	7,678,446
Buildings and improvements	89,603,060	56,239,418	38,556,237	-	184,398,715
Furniture, equipment and vehicles	14,535,720	8,411,070	3,168,273	-	26,115,063
Less accumulated depreciation	(68,302,596)	(41,957,087)	(15,318,575)	-	(125,578,258)
	40,873,225	24,119,838	27,620,903	-	92,613,966
Projects in process	1,022,212	599,771	171,821	-	1,793,804
	41,895,437	24,719,609	27,792,724	-	94,407,770
Beneficial interest in assets held by others	-	-	-	-	-
Interest rate swap agreements	444,579	143,748	251,484		839,811
TOTAL ASSETS	$ 82,501,544	$ 40,116,344	$ 29,966,174	$ (885,000)	$ 151,699,062
LIABILITIES AND NET ASSETS					
Current liabilities					
Current maturities of finance leases	$ 49,503	$ 81,480	$ -	$ -	130,983
Current maturities of long-term debt	906,126	292,981	512,566	-	1,711,673
Accounts payable	1,757,382	1,438,582	895,336	-	4,091,300
Due to affiliates	282,176	169,758	128,776	-	580,710
Accrued liabilities and deposits	1,550,471	1,206,652	282,499	-	3,039,622
Total current liabilities	4,545,658	3,189,453	1,819,177	-	9,554,288
Advances from affiliates	-	-	885,000	(885,000)	-
Finance lease liabilities, less current maturities	456,474	383,323	-	-	839,797
Long-term debt, less current maturities and unamortized debt issuance costs	6,561,999	2,121,749	3,712,496	-	12,396,244
Refundable fees	22,088,241	7,373,160	3,912,392	-	33,373,793
Deferred revenue from advance fees	17,308,077	5,269,494	3,557,895	-	26,135,466
Total liabilities	50,960,449	18,337,179	13,886,960	(885,000)	82,299,588
Net assets					
Without donor restrictions	31,541,095	21,779,165	16,079,214	-	69,399,474
With donor restrictions:					
Restricted by donor for a specific purpose	-	-	-	-	-
Restricted by donor to be held in perpetuity	-	-	-	-	-
Total net assets	31,541,095	21,779,165	16,079,214	-	69,399,474
TOTAL LIABILITIES AND NET ASSETS	$ 82,501,544	$ 40,116,344	$ 29,966,174	$ (885,000)	$ 151,699,062

HOMEWOOD LIVING MINISTRIES, INC.
PENNSYLVANIA OBLIGATED GROUP
CONSOLIDATING STATEMENT OF OPERATIONS
Twelve Months Ended December 31, 2025

	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Spring House	Eliminations	Homewood Pennsylvania Obligated Group
Revenue, gains and other support					
Amortization of advance fees	$ 5,129,683	$ 1,813,932	$ 941,685	$ -	$ 7,885,300
Other client service revenue	25,886,987	14,923,322	5,008,323	-	45,818,632
Revenues from nonresidents	7,860,713	10,887,616	-	-	18,748,329
Provision for credit losses	70,419	(464,147)	(23,820)	-	(417,548)
Net client services revenue less provision for credit losses	$ 38,947,802	$ 27,160,723	$ 5,926,188	$ -	$ 72,034,713
Investment income available for operations	787,023	157,915	1,232	-	946,170
Other	415,005	310,693	123,033	-	848,731
Total revenue and other support	40,149,830	27,629,331	6,050,453	-	73,829,614
Expenses					
Client services	14,991,799	14,240,522	1,228,979	-	30,461,300
Dietary	4,574,556	3,144,285	577,089	-	8,295,930
Housekeeping and laundry	2,166,487	1,354,996	185,155	-	3,706,638
Maintenance and utilities	4,932,449	2,744,560	1,375,896	-	9,052,905
Administrative	4,717,850	4,138,768	1,078,256	-	9,934,874
Marketing	648,028	728,527	375,330	-	1,751,885
Depreciation	3,384,502	2,431,109	1,500,605	-	7,316,216
Interest expense	268,492	104,031	160,584	-	533,107
Total	35,684,163	28,886,798	6,481,894	-	71,052,855
Operating income (loss)	4,465,667	(1,257,467)	(431,441)	-	2,776,759
Nonoperating revenue (expense)					
Gain from insurance proceeds	-	40,210	56,345	-	96,555
Contributions	82,217	59,813	23,569	-	165,599
Net realized gains on investments	242,219	532,558	83,414	-	858,191
Total nonoperating revenue (expense)	324,436	632,581	163,328	-	1,120,345
Excess (deficit) of revenues over expenses	4,790,103	(624,886)	(268,113)	-	3,897,104
Change in net unrealized gains (losses) on investments	932,002	277,528	43,578	-	1,253,108
Change in fair value of interest rate swap agreements	(251,384)	(81,281)	(142,200)	-	(474,865)
Increase (decrease) in net assets without donor restrictions	$ 5,470,721	$ (428,639)	$ (366,735)	$ -	$ 4,675,347

HOMEWOOD LIVING MINISTRIES, INC.
PENNSYLVANIA OBLIGATED GROUP
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
Twelve Months Ended December 31, 2025

	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Spring House	Eliminations	Homewood Pennsylvania Obligated Group
Net assets without donor restrictions:					
Excess (deficit) of revenues over expenses	$ 4,790,103	$ (624,886)	$ (268,113)	$ -	$ 3,897,104
Change in net unrealized gains (losses) on investments	932,002	277,528	43,578	-	1,253,108
Change in fair value of interest rate swap agreements	(251,384)	(81,281)	(142,200)	-	(474,865)
Increase (decrease) in net assets without donor restrictions	5,470,721	(428,639)	(366,735)	-	4,675,347
Net assets, beginning of year	26,070,374	22,207,804	16,445,949	-	64,724,127
Net assets, end of year	$ 31,541,095	$ 21,779,165	$ 16,079,214	$ -	$ 69,399,474

HOMEWOOD LIVING MINISTRIES, INC.
PENNSYLVANIA OBLIGATED GROUP
CONSOLIDATING STATEMENT OF CASH FLOW
Twelve Months Ended December 31, 2025

	Homewood Living Plum Creek	Homewood Living Martinsburg	Homewood Living Spring House	Eliminations	Homewood Pennsylvania Obligated Group
Cash flows from operating activities					
Change in net assets	$ 5,470,721	$ (428,639)	$ (366,735)	-	$ 4,675,347
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Depreciation	3,334,891	2,347,012	1,500,605	-	7,182,508
Write-offs of bad debts	20,351	406,419	-	-	426,770
Change in allowance	(70,419)	464,147	23,820	-	417,548
Amortization of finance lease right to use assets	49,611	84,097	-	-	133,708
Non cash interest expense associated with debt issuance costs	23,472	7,596	13,464	-	44,532
Change in net realized and unrealized (gains) and losses on investments	(932,002)	(277,528)	(43,578)	-	(1,253,108)
Change in fair value of interest rate swap agreements	251,384	81,281	142,200	-	474,865
Entrance fees earned	(5,129,683)	(1,813,932)	(941,685)	-	(7,885,300)
Change in accounts receivable	97,360	(411,537)	(37,329)	-	(351,506)
Change in accounts payable and accruals	(306,950)	549,076	38,564	-	280,690
Change in intercompany advances	500,000	-	(500,000)	-	-
Change in intercompany balances	212,731	(55,073)	9,693	-	167,351
Other, net	(72,594)	(24,578)	(58,744)	-	(155,916)
Net cash provided (used) by operating activities	3,448,873	928,341	(219,725)	-	4,157,489
Cash flows from investing activities					
Routine capital expenditures	(1,562,511)	(582,776)	(454,197)	-	(2,599,484)
Renovation expenditures	(1,285,664)	(505,105)	(196,252)	-	(1,987,021)
Purchase of marketable securities	(9,456,010)	(1,719,708)	(271,213)		(11,446,931)
Proceeds from sale of marketable securities	3,213,790	1,187,149	187,799	-	4,588,738
Net cash (used) by investing activities	(9,090,395)	(1,620,440)	(733,863)	-	(11,444,698)
Cash flows from financing activities					
Entrance fees paid by new residents	11,018,899	4,085,667	2,051,483	-	17,156,049
Refunds of entrance fees	(856,819)	(550,911)	(699,711)	-	(2,107,441)
Principal payments on capital lease obligations	(47,801)	(79,537)	-	-	(127,338)
Debt retirement	(883,467)	(285,656)	(499,748)	-	(1,668,871)
Net cash provided by financing activities	9,230,812	3,169,563	852,024	-	13,252,399
Net increase (decrease) in cash and cash equivalents	3,589,290	2,477,464	(101,564)	-	5,965,190
Cash and cash equivalents, beginning of year	19,724,246	3,786,670	702,154	-	24,213,070
Cash and cash equivalents, end of year	$ 23,313,536	$ 6,264,134	$ 600,590	$ -	$ 30,178,260
Supplemental disclosure of cash flow information					
Cash paid during the year for interest including amounts capitalized	$ 272,749	$ 105,407	$ 162,993	$ -	$ 541,149