Springhouse, Inc.

Financial Statements

December 31, 2025 and 2024

Independent Auditors' Report

To the Board of Directors of
Springhouse, Inc.

Opinion

We have audited the financial statements of Springhouse, Inc. (the Corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 29, 2026

Springhouse, Inc.

Balance Sheets
December 31, 2025 and 2024
(In Thousands)

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 590	$ 1,068
Resident accounts receivable, less allowance for credit losses of $36 at December 31, 2025 and $4 at December 2024	48	80
Prepaid expenses and other assets	12	16
Total current assets	650	1,164
Restricted Cash	405	395
Investments	23,589	20,125
Land, Buildings and Equipment, Net	14,806	13,573
Other Noncurrent Assets	90	61
Total assets	$ 39,540	$ 35,318
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 432	$ 612
Payable to affiliates	289	109
Deposits	287	189
Total current liabilities	1,008	910
Rebatable Entrance Fees Due	15,836	15,139
Entrance Fees Subject to Refund	80	208
Entrance Fees Nonrefundable	1,114	909
Total liabilities	18,038	17,166
Net Assets		
Net assets without donor restrictions	21,343	17,993
Net assets with donor restrictions	159	159
Total net assets	21,502	18,152
Total liabilities and net assets	$ 39,540	$ 35,318

See notes to financial statements

Springhouse, Inc.

Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024
(In Thousands)

	2025	2024
Operating Revenues		
Residential living	$ 3,147	$ 2,733
Assisted living	4,029	3,714
Memory support	2,501	2,414
Other operating revenue	209	250
Amortization of entrance fees	165	196
Total operating revenues	10,051	9,307
Operating Expenses		
Salaries and wages	4,393	4,163
Employee benefits	871	576
Supplies	673	715
Repairs and maintenance	131	118
Marketing and advertising	126	188
Purchased services	462	647
Management fees	288	439
Utilities	504	473
Travel and related	25	17
Rentals and leases	6	3
Insurance	202	193
Other operating expenses	351	231
Total operating expenses	8,032	7,763
Income before other operating income (expense)	2,019	1,544
Other Operating Income (Expense)		
Investment income, net	815	728
Realized gains on investments	149	4,880
Change in unrealized gains (losses) on investments, net	1,555	(3,846)
Depreciation and amortization	(1,166)	(969)
Interest expense	-	(208)
Nonrecurring operating expenses	(24)	(57)
Income from operations	3,348	2,072
Other Changes in Net Assets		
Capital contributions	2	22
Unrealized loss on interest rate swap	-	(76)
Change in net assets	3,350	2,018
Net Assets, Beginning	18,152	16,134
Net Assets, Ending	$ 21,502	$ 18,152

See notes to financial statements

Springhouse, Inc.

Statements of Cash Flows
Years Ended December 31, 2025 and 2024
(In Thousands)

	2025	2024
Cash Flows From Operating Activities		
Cash received for resident services	$ 9,786	$ 8,946
Cash received from nonrebatable entrance fees from reoccupancy	378	624
Cash received for other operating activities	199	243
Cash earnings realized from investments	815	728
Cash paid for employee salaries	(3,482)	(3,132)
Cash paid for employee benefits	(865)	(614)
Cash paid for temporary labor	(888)	(1,098)
Cash paid to vendors	(3,003)	(3,116)
Cash paid for interest	-	(203)
Net cash provided by operating activities	2,940	2,378
Cash Flows From Investing Activities		
Acquisition of land, buildings and equipment	(2,387)	(3,535)
Net purchases of investments	(1,760)	(529)
Net cash used in investing activities	(4,147)	(4,064)
Cash Flows From Financing Activities		
Principal payments on notes and bonds payable	-	(6,861)
Cash received from termination of interest rate swap	-	215
Proceeds from rebatable entrance fees	2,179	5,086
Refunds of deposits and entrance fees	(1,622)	(3,159)
Cash received from affiliates	180	109
Capital contributions	2	22
Net cash provided by (used in) financing activities	739	(4,588)
Decrease in cash, cash equivalents and restricted cash	(468)	(6,274)
Cash, Cash Equivalents and Restricted Cash, Beginning	1,463	7,737
Cash, Cash Equivalents and Restricted Cash, Ending	$ 995	$ 1,463
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Balance Sheets		
Cash and cash equivalents	$ 590	$ 1,068
Restricted cash	405	395
Total cash, cash equivalents and restricted cash	$ 995	$ 1,463

See notes to financial statements

1. Business Organization and Nature of Operations

Springhouse, Inc. (dba Springhouse, the Corporation), a nonprofit corporation, was formed on April 17, 1992 under the laws of the Commonwealth of Massachusetts. The Corporation was created to construct and operate a community which offers independent living, assisted living, and memory support (the Community) in Boston, Massachusetts. The Community opened and began operations on November 12, 1996.

The Community consists of 52 residential living apartments, 45 assisted living apartments and 24 memory support apartments.

Effective February 1, 2024, Pleasant Spring Communities, Inc. (PSC) the parent entity of the Corporation and Mount Pleasant Home (MPH), both located in Boston, Massachusetts affiliated with HumanGood Cornerstone.

In August 2023, Springhouse entered into a management agreement with HumanGood NorCal (NorCal), an affiliate of Cornerstone, at a fee of 5% of total budgeted revenues. The agreement automatically renews annually unless terminated.

Parent Organization

HumanGood Cornerstone (a Member of HumanGood), a California nonprofit public benefit tax-exempt corporation, is the sole member and exercises its direction and control through the appointment of the Boards of Directors of the Corporation (effective February 1, 2024), HumanGood Arizona, Inc. (dba Terraces of Phoenix), HumanGood Washington (dba Judson Park), HumanGood Nevada (dba Las Ventanas), HumanGood Idaho (dba The Terraces of Boise), HumanGood East, HumanGood Affordable Housing, West Valley Nursing Homes, Inc. (dba Terraces at Summitview) including its subsidiary, HG Hillside LLC, HG Perennial LLC and effective December 31, 2025, HumanGood Foundation. PSC, the Corporation's parent entity prior to affiliation with Cornerstone effective February 1, 2024, is an organization that was established exclusively for the charitable purposes of benefiting and supporting the Corporation and MPH and became a subsidiary of Cornerstone at the time of affiliation.

HumanGood is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for seniors through its LPCs and affordable housing communities. HumanGood is the sole member of HumanGood Cornerstone, HumanGood Fresno (dba Terraces at San Joaquin Gardens), HumanGood SoCal (SoCal) and NorCal. HumanGood Fresno, SoCal and NorCal together constitute an obligated group (HumanGood California Obligated Group or COG). Through December 30, 2025, NorCal was the sole member of HumanGood Foundation West and SoCal was the sole member of HumanGood Foundation South. Effective December 31, 2025, Foundation South merged into Foundation West. Concurrent with this merger, Foundation West changed its name to HumanGood Foundation (the Foundation), and its corporate membership was transferred from HumanGood NorCal to HumanGood Cornerstone.

HumanGood and HumanGood Cornerstone's Boards are composed of the same directors.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Corporation were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 reported amounts of revenues and expenses during the reported periods. Significant items subject to such estimates and assumptions include the fair values of allowance for credit losses; fair values of investments; future service benefit obligations; entrance fees subject to refund; and entrance fees nonrefundable. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions and overnight investments considered to be cash equivalents. For purposes of the statements of cash flows, cash, cash equivalents and restricted cash include investments purchased with an initial maturity of three months or less.

Restricted Cash

Restricted cash is defined as cash and cash equivalents, which is restricted in its use by donor agreements and other internal restrictions.

Investments

Investments include certain cash and cash equivalents held by investment managers, mutual funds, equity securities, corporate debt and U.S. government securities. Investments are measured at fair value in the accompanying balance sheets (Note 4).

Net investment income or loss (including interest, dividends and fees), realized gains and losses on investments, and unrealized gains and losses on investments are included in income from operations. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

Resident Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses, which represents the Corporation's estimate of expected losses at the balance sheet date. Accounts are written off when they are determined to be uncollectible. The adequacy of the Corporation's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, and expected future economic conditions and market trends. Adjustments are made to the allowance as necessary.

Land, Buildings and Equipment, Net

Land, buildings and equipment, net are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges and other related costs capitalized during construction. Maintenance and repair costs are charged to operations when incurred.

Depreciation of building and equipment is computed on the straight-line method using estimated useful lives of 3 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized for the period.

Asset Impairment

The Corporation periodically evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No asset impairment was recognized as of December 31, 2025 or 2024.

Other Noncurrent Assets

Other noncurrent assets are primarily comprised of capitalized contract acquisition costs. Related amortization expense, which is included in depreciation and amortization expense in the accompanying statements of operations and changes in net assets was $12,000 and $8,000 in 2025 and 2024, respectively.

Types of Entrance Fees

The care and residence agreements between the Corporation and the residents provide for the payment of an entrance fee. Entrance fees received by the Corporation are categorized into two types: initial entrance fees and entrance fees from reoccupancy and are recorded as either rebatable entrance fees due, entrance fees subject to refund or entrance fees nonrefundable in the accompanying balance sheets. Initial entrance fees, which are the initial fees on new or expanded facilities, are used to provide funds for acquisition and construction of physical facilities, debt retirement and to defray anticipated deficits in the operations of new homes for a period of time. Entrance fees from reoccupancy in existing homes are used for general purposes, including capital expenditures, support of operations and funding of reserves.

Refund Policy on Entrance Fees

The Corporation currently offers contract options whereby 90% of the entrance fee is rebatable at death or termination of the contract and subsequent reoccupancy of the apartment and has previously offered a 50% contract option. At December 31, 2025 and 2024, $15,836,000 and $15,139,000, respectively, of the entrance fees related to these types of contracts are contractually rebatable and are presented as rebatable entrance fees due in the accompanying balance sheets. At December 31, 2025 and 2024, the Corporation had nonrefundable entrance fees of $1,114,000 and $909,000, respectively, related to entrance fees received that will be recognized as revenue in future years. Additionally, at December 31, 2025 and 2024, the Corporation had entrance fees subject to refund of $80,000 and $208,000, respectively, which will be recognized as revenue in future years, unless refunded.

Actual refunds and rebates of deposits and entrance fees were $1,622,000 and $3,159,000 for the years ended December 31, 2025 and 2024, respectively. Management expects to pay refunds in future years of approximately $2,000,000 per year.

Interest Rate Swap

The Corporation used an interest rate swap as part of its overall debt management policy. The Corporation accounted for the interest rate swap in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*. The topic requires that all derivatives be carried at fair value.

During 2024, the Corporation paid off in full its previously outstanding Series 2017 Term note and, in conjunction with the payoff, terminated the related swap agreement for which a payment of $215,000 was received. Both transactions are reflected in the accompanying statement of cash flows for the year ended December 31, 2024. The unrealized loss from mark-to-market adjustments was a loss of $76,000 for the year ended December 31, 2024.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. 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 to net assets without donor restrictions and are included in net assets released from restrictions in the accompanying combined statements of operations and changes in net assets.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, entrance fees are generally collected in advance of move-in.

Net resident service revenues are primarily comprised of the following revenue streams. All payors are private pay.

Assisted Living and Memory Support

Assisted living and memory support revenues are primarily derived from providing housing and personal care services to residents at stated monthly housing and care fees. The Corporation has determined that the services included in the monthly fees have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation for each of these levels of care, which is satisfied over time as services are provided. Therefore, assisted living and memory support revenues are recognized on a month-to-month basis.

Residential Living

Residential living revenues are primarily derived from providing housing and services to residents. The Corporation has determined that the services included in the 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 as services are provided. Therefore, residential living monthly fees are recognized on a month-to-month basis.

Entrance fees collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in entrance fees nonrefundable in the accompanying balance sheets. The Corporation recognized amortization income of $165,000 and $196,000 for 2025 and 2024, respectively. The Corporation applies the practical expedient in ASC 606 and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The guaranteed refund component of entrance fees is not amortized to income and is classified as rebatable entrance fees due in the accompanying balance sheets.

For residents with Life Care contracts (Type A), revenue from entrance fees other than rebatable entrance fees received are recognized through amortization income using the straight-line method over annually adjusted estimated remaining life expectancies of the residents, which approximates the period of time the goods and services under the agreements are expected to be transferred to residents.

Contract Balances

Contract assets represent the Corporation's right to consideration in exchange for goods or services that the Corporation have transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Corporation's future performance). Contract liabilities represent the Corporations' obligation to transfer goods or services to a resident for which the Corporation has received consideration (or the amount is due) from the resident.

The Corporation's beginning and ending contract liabilities are separately presented on the balance sheets as of December 31, 2025 and 2024, as described below. There were no contract assets as of December 31, 2025 or 2024 or January 1, 2024. Contracts liabilities as of January 1, 2024 were as follows (in thousands):

Entrance fees subject to refund	$	125
Entrance fees nonrefundable		597

Performance Indicator

Income from operations as reflected in the accompanying statements of operations and changes in net assets is the performance indicator. Income from operations includes all changes in net assets without donor restrictions other than capital contributions and unrealized loss on interest rate swap.

Tax-Exempt Status

The Corporation is a Massachusetts nonprofit public benefit tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and has been granted tax-exempt status by the Internal Revenue Service and the Massachusetts Department of Revenue.

The Corporation assesses uncertain tax positions in accordance with the provisions of the FASB ASC Topic 740-10, *Income Taxes.* The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At December 31, 2025, there were no such uncertain tax positions.

3. Liquidity and Availability of Resources

As of December 31, 2025, and 2024, the Corporation has financial assets available for utilization within one year of the balance sheet date, which consist of the following (in thousands):

	2025	2024
Cash and cash equivalents	$ 590	$ 1,068
Investments	23,589	20,125
Resident accounts receivable	48	80
Total	$ 24,227	$ 21,273

The Corporation has investments which are available for utilization within one year in the normal course of operations. Accordingly, these assets have been included above.

4. Investments and Fair Value Measurements

The composition of investments is set forth in the following table (in thousands):

	2025	2024
Investments:		
Cash and cash equivalents	$ 2,900	$ 2,409
Mutual funds	12,794	10,245
Equity securities	5,497	4,709
Corporate debt	925	1,040
U.S. government securities	1,473	1,722
Total	$ 23,589	$ 20,125

Investment Returns

Investment return for the years ended December 31, 2025 and 2024, is as follows (in thousands):

	2025	2024
Net realized gains on investments	$ 149	$ 4,880
Dividend and interest income, net of expense	815	728
Change in unrealized gains (losses) on investments, net	1,555	(3,846)
Total	$ 2,519	$ 1,762

Investment income is net of investment expenses of $74,000 and $108,000 for the years ended December 31, 2025 and 2024, respectively.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements,* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investments in the near term.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

- Mutual funds - Mutual funds registered with the U.S. Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted market prices and are categorized as Level 1.

- Equity securities (domestic and foreign) - Securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange and are categorized as Level 1.

- Corporate debt (domestic and foreign) - Investment-grade bonds are valued using inputs and techniques which include third-party pricing vendors, dealer quotations and recently executed transactions in securities of the issuer or comparable issuers. To the extent that these inputs are observable and timely, the values are categorized as Level 2.

- U.S. Government securities - Government securities are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that these inputs are observable and timely, values are categorized as Level 2.

The following table presents the fair value measurements of financial instruments recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at December 31, 2025 and 2024 (in thousands):

	Fair Value at December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Mutual funds	$ 12,794	$ -	$ -	$ 12,794
Equity securities:				
Domestic	3,521	-	-	3,521
Foreign	1,976	-	-	1,976
Corporate debt:				
Domestic	-	834	-	834
Foreign	-	91	-	91
U.S. government securities	-	1,473	-	1,473
Total investments in fair value hierarchy	$ 18,291	$ 2,398	$ -	$ 20,689
Reconciliation of investments to the balance sheet:				
Cash and cash equivalents	$ 2,900			
Investments in fair value hierarchy	20,689			
Total investments	$ 23,589			

	Fair Value at December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Mutual funds	$ 10,245	$ -	$ -	$ 10,245
Equity securities:				
Domestic	3,005	-	-	3,005
Foreign	1,704	-	-	1,704
Corporate debt:				
Domestic	-	900	-	900
Foreign	-	140	-	140
U.S. government securities	-	1,722	-	1,722
Total investments in fair value hierarchy	$ 14,954	$ 2,762	$ -	$ 17,716
Reconciliation of investments to the balance sheet:				
Cash and cash equivalents	$ 2,409			
Investments in fair value hierarchy	17,716			
Total investments	$ 20,125			

5. Land, Buildings and Equipment, Net

Land, buildings and equipment, net at cost as of December 31, 2025 and 2024, consist of the following (in thousands):

	2025	2024
Land	$ 1,636	$ 1,636
Land improvements	383	179
Buildings and improvements	28,389	23,477
Furnishings, equipment and automotive	1,103	956
Total	31,511	26,248
Accumulated depreciation	(16,765)	(15,720)
Total	14,746	10,528
Construction in progress	60	3,045
Land, buildings and equipment, net	$ 14,806	$ 13,573

Depreciation expense for the years ended December 31, 2025 and 2024 was $1,154,000 and $961,000, respectively.

Assets that were fully depreciated of $109,000 and $2,318,000 were disposed of during the years ended December 31, 2025 and 2024, respectively.

6. Functional Expenses

The Corporation provides housing, healthcare and other related services to residents within its geographic location. Financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are as follows at December 31, 2025 and 2024 (in thousands):

	2025		
	Residential Services	General and Administrative	Total
Salaries and wages	$ 3,786	$ 607	$ 4,393
Employee benefits	750	121	871
Supplies	657	16	673
Repairs and maintenance	131	-	131
Marketing and advertising	126	-	126
Purchased services	420	42	462
Management fees	-	288	288
Utilities	436	68	504
Travel and related	17	8	25
Rentals and leases	-	6	6
Insurance	202	-	202
Other operating expenses	268	83	351
Depreciation and amortization	1,166	-	1,166
Nonrecurring operating expenses	24	-	24
Total	$ 7,983	$ 1,239	$ 9,222

	2024		
	Residential Services	**General and Administrative**	**Total**
Salaries and wages	$ 3,668	$ 495	$ 4,163
Employee benefits	507	69	576
Supplies	680	35	715
Repairs and maintenance	118	-	118
Marketing and advertising	188	-	188
Purchased services	422	225	647
Management fees	-	439	439
Utilities	420	53	473
Travel and related	11	6	17
Rentals and leases	-	3	3
Insurance	193	-	193
Other operating expenses	179	52	231
Depreciation and amortization	969	-	969
Interest expense	208	-	208
Nonrecurring operating expenses	57	-	57
Total	$ 7,620	$ 1,377	$ 8,997

7. Transactions With Affiliates

Amounts payable to affiliates include management fees and cost recoveries for other services such as dining, purchase cards, payroll, benefits and insurance payable to COG. The Corporation owed COG $289,000 and $109,000 as of December 31, 2025 and 2024, respectively, for recurring intercompany transactions and cost recoveries in the normal course of business. These balances are settled in the normal course of operations with no fixed repayment terms.

8. Insurance Programs

Workers' Compensation Plan

The Corporation maintains a guaranteed cost policy for workers' compensation claims in accordance with applicable state statutes. Management of the Corporation is not aware of any claims outstanding that are not covered by the policy. The expense for this coverage is reflected as a component of employee benefits in the accompanying statements of operations.

Professional Liability Insurance

The Corporation had professional liability insurance through a claims-made policy through November 1, 2024. Effective November 1, 2024, the Corporation has professional liability insurance through a pooled program with HumanGood. HumanGood has secured claims-made policies for malpractice and general liability insurance with certain self-insured retention limits for the years ended December 31, 2025 and 2024. Management of the Corporation is not aware of any claims outstanding that are in excess of policy limits, and any liability would be included in accounts payable and accrued expenses in the accompanying balance sheets. Any related insurance recovery receivables would be recorded in other receivables in the accompanying balance sheets. There are no amounts recorded at December 31, 2025 and 2024 related to professional liability insurance.

Health Insurance

The Corporation had health insurance coverage through a fully-insured policy through February 1, 2024. Effective February 1, 2024, the Corporation is self-insured for health insurance claims for eligible active employees with certain self-insured retention limits. The program is managed by COG and estimates of the liability for claims incurred but not reported are included in the combined balance sheets of COG and costs related thereto are allocated to the Corporation through intercompany transactions based on a percentage of payroll.

9. Commitments and Contingencies

Senior Living Services Industry

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

10. Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements.

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

11. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued.

The Corporation has evaluated subsequent events through April 29, 2026, which is the date the financial statements were available to be issued.