ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

December 31, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of
ACTS Retirement-Life Communities, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of ACTS Retirement-Life Communities, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and changes in 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 Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information for 2023 as identified in the table contacts is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 29, 2024

Consolidated Balance Sheets
December 31, 2023 and 2022
(In Thousands)

	2023	2022
Assets		
Cash and cash equivalents	$ 23,581	$ 28,602
Investments	435,773	438,372
Accounts receivable, entrance fee receivables and other receivables, net	32,468	30,439
Prepaid expenses, inventory and deposits	12,507	11,535
Property and equipment, net	1,898,685	1,739,771
Goodwill	109,464	109,464
Deferred costs, net	13,945	11,092
Total assets	$ 2,526,423	$ 2,369,275
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 90,355	$ 88,765
Resident monthly fees paid in advance	3,918	4,301
Short-term indebtedness	73,424	128,242
Long-term indebtedness	985,417	924,714
Charitable gift annuity obligations	2,900	2,332
Entrance fee deposits	16,062	18,323
Refundable portion of entrance fees	69,686	85,678
Deferred revenue from entrance fees	1,065,513	963,420
Accumulated loss on investment contracts	2,108	2,317
Due to affiliated organizations	27,905	31,494
Total liabilities	2,337,288	2,249,586
Net Assets		
Without donor restrictions	151,293	78,342
With donor restrictions	37,842	41,347
Total net assets	189,135	119,689
Total liabilities and net assets	$ 2,526,423	$ 2,369,275

See notes to consolidated financial statements

ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
Operating Revenue		
Resident services revenues, net of amortization of entrance fees	$ 455,091	$ 414,230
Resident services revenues from third-party payors	51,510	50,936
Investment income	14,026	8,758
Net assets released from restrictions to provide resident services	3,302	3,484
Other revenue	7,938	14,347
Total operating revenue before amortization of entrance fees	531,867	491,755
Amortization of entrance fees	140,394	126,118
Total operating revenue	672,261	617,873
Operating Expenses		
Salaries, wages and benefits	313,344	289,384
Contracted services	87,685	90,071
Utilities	33,165	29,849
Food	27,272	28,377
Supplies	27,376	26,492
Real estate taxes	13,606	13,251
Insurance	10,016	8,390
Other	23,666	22,956
Total operating expenses before depreciation, amortization and interest	536,130	508,770
Depreciation and amortization	97,713	91,569
Interest, net	33,790	31,848
Total operating expenses	667,633	632,187
Operating income (loss)	$ 4,628	$ (14,314)

See notes to consolidated financial statements

Consolidated Statements of Operations and Changes in Net Assets (continued)
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
Changes in Net Assets Without Donor Restrictions		
Operating income (loss)	$ 4,628	$ (14,314)
Net unrealized gain (loss) on investments and investment contracts	16,896	(44,490)
Loss on early extinguishment of debt	(63)	-
Other valuation adjustments	(1,637)	(1,514)
Net gain on nonoperating events	874	4,564
Inherent contribution received in affiliation	45,912	-
Net operating income (loss)	66,610	(55,754)
Net assets released from restrictions to acquire property and equipment	6,341	2,222
Change in net assets without donor restrictions	72,951	(53,532)
Changes in Net Assets With Donor Restrictions		
Net assets with donor restrictions acquired from membership affiliation	105	-
Contributions	4,884	3,980
Interest and dividend income	575	446
Net unrealized gain (loss) on investments	1,222	(1,006)
Change in split interest agreements	(676)	(169)
Change in beneficial interest in the investments of Community Foundation of South Alabama (CFSA)	28	(25)
Net assets released from restrictions to:		
Provide resident services	(3,302)	(3,484)
Acquire property and equipment	(6,341)	(2,222)
Change in net assets with donor restrictions	(3,505)	(2,480)
Change in net assets	69,446	(56,012)
Net Assets, Beginning	119,689	175,701
Net Assets, Ending	$ 189,135	$ 119,689

See notes to consolidated financial statements

ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ 69,446	$ (56,012)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Membership affiliation	(46,017)	-
Depreciation and amortization	97,713	91,569
Amortization of entrance fees	(140,394)	(126,118)
Other valuation adjustment	1,637	1,514
Amortization of bond discount and premium, net	(3,852)	(3,898)
Amortization of deferred financing costs	780	750
Entrance fees and deposits from nonrefundable resale contracts	237,200	213,819
Refunds of nonrefundable entrance fees and deposits from resale contracts	(19,667)	(12,424)
Administrative fee included in gross entrance fees	(12,834)	(11,496)
Net realized and unrealized (gain) loss on investments	(19,163)	51,985
Change in fair value of investment contracts	(209)	(5,732)
Loss on early extinguishment of debt	63	-
Net change in due from/to affiliated organizations	(3,589)	10,034
Increase in deferred costs	(4,284)	(3,644)
Change in beneficial interest in the investments of CFSA	(28)	25
Changes in assets and liabilities:		
Increase in accounts receivable	(362)	(1,175)
(Increase) decrease in prepaid expenses, inventory and deposits	(239)	1,714
Increase (decrease) in accounts payable and accrued expenses and resident monthly fees paid in advance	1,358	(4,575)
Net cash provided by operating activities	157,559	146,336
Cash Flows From Investing Activities		
Cash, cash equivalents and restricted cash and cash equivalents received in membership affiliation	10,218	-
Purchase of property and equipment	(157,803)	(180,953)
Decrease (increase) in investments	9,708	(11,692)
Net cash used in investing activities	(137,877)	(192,645)
Cash Flows From Financing Activities		
Entrance fees and deposits from initial sale contracts	27,499	24,264
Refunds of entrance fees and deposits from initial sale contracts	(1,252)	(2,128)
Refunds of refundable entrance fees	(15,351)	(14,062)
Payment of accounts payable, construction	(39,170)	(29,281)
Proceeds from short-term indebtedness	72,724	107,130
Proceeds from long-term indebtedness	14,822	-
Increase in deferred financing costs	(1,141)	-
Increase in charitable gift annuity obligations	1,279	380
Payments on charitable gift annuity obligations	(711)	(709)
Payments on short-term indebtedness	(72,542)	(46,881)
Payments on long-term indebtedness	(25,974)	(24,899)
Net cash (used in) provided by financing activities	(39,817)	13,814
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(20,135)	(32,495)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	108,110	140,605
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 87,975	$ 108,110
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	$ 36,539	$ 34,620
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	$ 33,583	$ 39,170
Proceeds from long-term indebtedness used to repay long-term indebtedness	$ 27,768	$ -
Proceeds from long-term indebtedness to repay short-term indebtedness	$ 55,000	$ -

See notes to consolidated financial statements

1. Nature of Operations and Organizational Matters

ACTS Retirement Services, Inc. (ARS) is a not-for-profit Pennsylvania corporation that serves as the parent organization providing the highest level of governance and control over all of its controlled entities. The following is a listing of ARS' controlled entities:

ACTS Management Services, Inc. (AMS) is a not-for-profit Pennsylvania corporation providing management, marketing and development services to senior living providers. AMS is the sole member of ACTS Retirement-Life Communities Management, LLC (ARLCM) and ACTS Alliance Management, LLC (AAM), Pennsylvania limited liability companies. Through December 31, 2022, AMS provided management, marketing and development services to ACTS Retirement-Life Communities, Inc. (ACTS) and the Affiliates (as herein defined). Effective January 1, 2023, ARLCM is providing these services to ACTS and the Affiliates (as herein defined). AAM also provides management and related services to Willow Valley Communities, a not-for profit Pennsylvania corporation that provides residential, personal care and skilled care services to senior adults in its continuing care retirement community (CCRC) located in Pennsylvania.

ACTS, a not-for-profit Pennsylvania corporation that, along with the Affiliates (as herein defined), provides residential, assisted living and skilled care services to senior adults in its 27 continuing care retirement communities (CCRCs), located in Alabama (2), Delaware (3), Florida (5), Georgia (1), Maryland (4), New Jersey (1), North Carolina (2), Pennsylvania (8) and South Carolina (1). ACTS operates 22 CCRCs as divisions within the legal entity of ACTS, and 5 CCRCs within 2 separate, related legal entities (the Affiliates). On February 1, 2023, Presbyterian Retirement Corporation, Inc. (PRC), an entity under common control and a not-for-profit Alabama corporation, merged into and is operating as one of the 22 CCRCs within the legal entity of ACTS.

ACTS is the sole member of the following entities:

ACTS Signature Community Services, Inc. (ASCS), a not-for-profit Pennsylvania corporation providing home and community-based services to ACTS.

ACTS Legacy Foundation, Inc. (ALF), a not-for-profit Delaware corporation that provides fundraising, supports all charitable programs and manages the donor restricted funds for ACTS and the Affiliates.

ACTS is also the sole member of ACTS Acquisition and Development Company, LLC (AADC), a Florida limited liability company that engages in acquisition and development related activity on behalf of ACTS. AADC is the sole corporate member of the following Affiliates:

Integrace, Inc. d/b/a ACTS Retirement-Life Communities of Maryland (ARLC MD), a not-for-profit Maryland corporation which operates 4 CCRCs located in Maryland.

Mease Life, Inc. (ML), a not-for-profit Florida corporation which operates a CCRC located in Dunedin, Florida. ML is the sole member of Mease Life Resident Foundation, Inc. (MLRF), a not-for-profit Florida corporation that provides fundraising and supports all charitable programs for ML.

Principles of Consolidation

The consolidated financial statements include the accounts for ACTS, ASCS, ALF, AADC, ARLC MD, ML and MLRF (collectively, the Company). All significant intercompany accounts and transactions have been eliminated.

All of the organizations in the Company with the exception of AADC are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on their exempt income under Section 501(a) of the IRC. AADC, as a single member limited liability company is considered a "disregarded entity" for federal tax purposes. Because ACTS is exempt from federal income tax under Section 501(a) of the IRC, as a charitable organization described in Section 501(c)(3) of the IRC, and because AADC is a disregarded entity for federal tax purposes, AADC is considered exempt under Section 501(a) of the IRC as a charitable organization described in Section 501(c)(3) of the IRC.

2. Transfer of Memberships

Effective October 1, 2023, ACTS became the sole member of ML and, as such, ML and MLRF (collectively, the ML Companies) became affiliates of ACTS. The ML Companies remained separate not-for-profit organizations. In connection with the affiliation, ARLCM entered into a Management, Marketing and Development Agreement with ML. There were no amounts of consideration transferred to execute the affiliation.

The recognized amounts of identifiable assets acquired and liabilities assumed at the date of affiliation were as follows (in thousands):

Cash and cash equivalents	$ 3,284
Investments	9,966
Accounts receivable	802
Prepaid expenses, inventory and deposits	733
Property and equipment	63,610
Deferred costs	200
Accounts payable and accrued expense	(4,298)
Long-term indebtedness	(21,005)
Entrance fee deposits	(340)
Deferred revenue from entrance fees	(6,935)
Net assets without donor restrictions (inherent contribution)	(45,912)
Net assets with donor restrictions (membership affiliation)	(105)
	$ -

This transaction was accounted for using the acquisition method. The inherent contribution represents the net assets without donor restrictions of the ML Companies. The carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses, inventory and deposits, deferred costs and accounts payable and accrued expenses approximated fair value as of the acquisition date due to the short-term nature of these amounts. The fair value of the ML Companies property and equipment as of the acquisition date was based on an independent third-party appraisal. The carrying amount of deferred revenue from entrance fees was deemed to approximate fair value as of the acquisition date as estimating fair value was not deemed practicable. The carrying amount of long-term indebtedness was also deemed to approximate fair value as the original terms of the long-term indebtedness are comparable to current market terms as of the acquisition date. The terms of the long-term indebtedness for ML are more fully described in Note 9. The consolidated statements of operations and changes in net assets and cash flows include the activities of the ML Companies for the three months from October 1, 2023 through December 31, 2023.

If the results of operations of the ML Companies were combined with the operations of ACTS had the acquisition occurred as of January 1, 2022, the Company's results would appear as follows:

	2023	2022
Total operating revenue	$ 689,630	$ 641,419
Change in net assets without donor restrictions	66,033	(57,201)
Change in net assets with donor restrictions	(64)	245

3. Summary of Significant Accounting Policies

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include working capital accounts invested in highly liquid instruments purchased with an original maturity of three months or less. The cash and cash equivalents included in investments were comprised of debt related reserves and state reserves. The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported within the consolidated balance sheets that sum to the total of the same such amounts reported in the consolidated statements of cash flows.

	2023	2022
	(In Thousands)	
Cash and cash equivalents	$ 23,581	$ 28,602
Cash and cash equivalents included in investments	64,394	79,508
Total cash, cash equivalents and restricted cash and cash equivalents	$ 87,975	$ 108,110

Investments and Investment Risk

Investments with readily determinable fair values are measured at fair value in the consolidated balance sheets. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in net operating income (loss) in the consolidated statements of operations and changes in net assets unless the income is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Company's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with 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 on the consolidated balance sheets could materially change in the near term.

Investments include assets without restrictions and assets with restrictions. Assets without restrictions represent assets that are available for the general use and purposes of the Company. Assets with restrictions include amounts held in trust to meet debt related requirements, assets that are used to meet statutory reserve requirements and amounts restricted by donors for specific purposes or time periods.

Accounts Receivable and Entrance Fee Receivables

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

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

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at their fair value at the date of donation. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	10 to 25 years
Building and improvements	8 to 55 years
Furniture, fixtures and equipment	3 to 10 years

When assets are sold or retired, the asset values and related accumulated depreciation are eliminated from the accounts and any gain or loss is included in the consolidated statements of operations and changes in net assets. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

Gifts of long-lived assets such as land, buildings or equipment are reported as other revenue 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 contributions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Depreciation expense was $96,082,000 in 2023 and $90,258,000 in 2022.

Interest is capitalized for assets that require a period of time to be constructed or to prepare them for their intended use. The amount of interest capitalized was $10,422,000 in 2023 and $6,858,000 in 2022.

Goodwill

In connection with the recording of the assets and liabilities of Heron Point of Chestertown, Inc. (HP) in 2010, PRC in 2017 and ARLC MD in 2019, the fair value of the assets was less than the fair value of the liabilities. As a result, goodwill of $109,464,000 was recorded in connection with these transactions and allocated to each reporting unit. HP merged into ARLC MD in 2022. As a result of this change in reporting structure, the goodwill previously assigned to HP's separate reporting unit of $22,551,000 was assigned to ARLC MD.

Goodwill is not amortized; instead the Company evaluates goodwill for impairment on an annual basis or more frequently if indicators of impairment exist. The Company performs its annual goodwill impairment test on October 1 each year. In 2022, the Company assessed qualitative factors (events and circumstances) to determine whether it was more likely than not (that is, a likelihood of more than 50%) that the fair value of PRC and ALRC MD was less than its carrying amount, including goodwill. Based on the assessment of qualitative factors, the Company concluded that it was more likely than not that the fair value of PRC and ALRC MD exceeded its carrying amount, including goodwill. In 2023, the Company chose to perform a quantitative test and engaged an independent valuation firm to evaluate ARLC MD's goodwill for impairment. For the reporting unit, the estimated fair value is determined using a combination of a discounted cash flow analysis and market-based approach. The cash flows employed in the discounted cash flow analysis are based on the Company's internal projection model for years beyond 2023, using growth rates that estimate future growth in the industry in which the Company operates. The discount rates used in the discounted cash flow analysis are intended to reflect the risks inherent in the future cash flows of the reporting unit and are based on an estimated cost of capital. In addition, the market-based approach utilizes comparable public company trading values. The Company concluded that the fair value, as estimated by the independent valuation firm, of ARLC MD exceeded its carrying amount, including goodwill. In 2023, the Company assessed qualitative factors (events and circumstances) to determine whether it was more likely than not (that is, a likelihood of more than 50%) that the fair value of PRC was less than its carrying amount, including goodwill. Based on the assessment of qualitative factors, the Company concluded that it was more likely than not that the fair value of PRC exceeded its carrying amount, including goodwill Therefore, additional testing to identify potential impairment was unnecessary. As such, no impairment losses were recorded in 2023 and 2022.

Deferred Costs

Deferred costs include incremental costs of obtaining agreements that would not have been incurred if the agreements were not obtained and are recorded at cost. Deferred costs are amortized over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that services are expected to be transferred to residents. Amortization of deferred costs was $1,631,000 in 2023 and $1,311,000 in 2022.

Deferred Financing Costs

Deferred financing costs are amortized straight-line over the terms of the related debt, which approximates using the effective interest method and are classified net with the related debt. Amortization expense, which is included as a component of interest expense, was $780,000 in 2023 and $750,000 in 2022.

Derivative Financial Instruments

The Company uses interest rate swap agreements which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the consolidated balance sheets and related changes in fair value are reported on the consolidated statements of operations and changes in net assets as a component of net unrealized gain (loss) on investments and investment contracts.

Deferred Revenue From Entrance Fees

Under a continuing care contract (resident agreement) for a residential living unit, the Company receives entrance fee payments in advance. The Company offers both nonrefundable and refundable resident agreements. As of December 31, 2023 and 2022, the majority of the Company's resident agreements are nonrefundable.

Under the majority of nonrefundable resident agreements, residents who terminate their contracts will generally be entitled to a full refund less an administrative fee of up to 5%, and less 1%-2% (based on the resident agreement) of the remaining entrance fee per each month of residency. Under refundable resident agreements, the entrance fee is reduced to no less than the guaranteed refund, as specified in the resident agreement, and refunds to residents are generally paid by the Company after a new resident occupies the residential living unit vacated by the former resident.

The nonrefundable portion of entrance fees is amortized to revenue over the actuarially computed life expectancy of the residents using the straight-line method, which approximates the period of time that services under the resident agreements are expected to be transferred to residents and the Company's performance obligation to the residents is satisfied and is classified as deferred revenue from entrance fees on the consolidated balance sheets. Amortization of nonrefundable entrance fees was $140,394,000 in 2023 and $126,118,000 in 2022.

The guaranteed refundable portion of entrance fees is classified as refundable portion of entrance fees on the consolidated balance sheets and is not amortized to revenue.

The gross contractual refund obligations under existing resident agreements were approximately $532,617,000 and $490,245,000 at December 31, 2023 and 2022, respectively.

Under the majority of existing resident agreements, residential living residents are entitled to assisted living or skilled care services, as needed, with no increases in the current monthly service fees as a result of transferring to a higher level of care.

Obligation to Provide Future Services

The Company engages an independent actuary once every three years to calculate the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. Based upon the last calculation performed (as of December 31, 2023), the present value of the net cost of future services and the use of facilities, based on a discount rate of 5%, did not exceed the balance of deferred revenue from entrance fees. Based upon this calculation, and the analysis of management, no liability for the obligation to provide future services has been recorded at December 31, 2023 and 2022.

Charitable Gift Annuity Obligations

The Company entered into arrangements with certain donors whereby the donor contributes assets to the Company and, in return, is entitled to receive a series of annuity payments. Under the terms of the arrangements, the estimated liability is to be held in a segregated fund or account until the death of the donor. Upon receipt, the contribution is recorded as a restricted asset, and the present value of the future annuity payments is recorded as a liability. The difference between the asset and the liability is reported as a contribution with donor restriction or directly to other revenue on the consolidated statements of operations and changes in net assets if the gift is designated for a purpose without donor restriction.

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 revenue 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.

Resident Services Revenues

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

Payment terms and conditions for the Company's resident agreements vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident services revenues for recurring and routine monthly services due from self-pay residents are generally billed monthly in advance. Resident services revenues for ancillary services due from self-pay residents are generally billed monthly in arrears. Resident services revenues due from Medicare, Medicaid and other third-party payor programs are billed monthly in arrears.

Resident services revenues are primarily comprised of skilled care, assisted living and residential living revenue streams, which are primarily derived from providing nursing, assisted living and housing services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Company has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Company considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled care, assisted living and residential living revenues are recognized on a daily or month-to-month basis as services are rendered.

The Company receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Company estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Financial Support From Provider Relief Funds

The Company received financial support from federal and state funding sources related to the COVID-19 pandemic. The Company accounts for this funding in accordance with the Financial Accounting Standards Board Accounting Standards Codification 958-605 guidance for conditional contributions and, accordingly, support is measured and recognized when barriers are substantially met, which occurs when the Company complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

The Coronavirus Aid, Relief and Economic Security Act and the American Rescue Plan Act were signed into law and created Provider Relief Funds (PRF) to combat the financial effects of COVID-19. The Company received $279,000 in 2023 and $2,598,000 in 2022 related to PRF and other state and local funding. In accordance with the terms and conditions of the funding, the Company could apply the funding against eligible expenses and lost revenues. The Company incurred eligible expenses and lost revenues in accordance with the terms and conditions of the funding of $322,000 in 2023 and $2,555,000 in 2022, which is included in other revenue in the consolidated statements of operations and changes in net assets.

Management believes that the Company complied with all terms and conditions of the funding. However, the funding is subject to future audit requirements. Noncompliance with the terms and conditions of the funding could result in repayment of some or all of the support received, which can be subject to future government review and interpretation. An estimate of the possible effects cannot be made as of the date these consolidated financial statements were issued.

Income Taxes

ACTS, ASCS, ALF, AADC, ARLC MD, ML and MLRF are not-for-profit corporations. Each is exempt from federal income taxes on exempt income under Section 501(a) of the IRC and other income taxes under similar statutes. Accordingly, no provision for income taxes has been recorded in the consolidated financial statements.

Measure of Operations and Performance Indicator

The consolidated statements of operations and changes in net assets include the determination of operating income (loss) and net operating income (loss) (the performance indicator). Operating income (loss) includes only those operating revenues and expenses that are an integral part of the Company's program activities and net assets released from donor restrictions to provide resident services. Net operating income (loss) includes all operating activities, as well as changes in unrealized gains and losses on investments and investment contracts, loss on early extinguishment of debt, other valuation adjustments and net gain on nonoperating events.

Changes in net assets without donor restrictions which are excluded from the determination of the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, if any).

Use of Estimates

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

Subsequent Events

In February of 2024, the Board of Directors of MLRF approved a motion to merge with and into ALF pending ML, ALF and ACTS Board and any other needed approvals. Subsequently, the ML, ALF and ACTS Boards respectively approved the merger. The merger, anticipated to be completed before the end of the second quarter 2024, will enhance the philanthropic efforts supporting ML, its residents, and team members. Donations restricted for the purpose of ML will continue to be honored and pursued.

The Company evaluated subsequent events for recognition or disclosure through April 29, 2024, the date the consolidated financial statements were issued.

4. Liquidity and Availability of Resources

As of December 31, the Company has financial assets available for general expenditure within one year of the date of the consolidated balance sheets, consisting of the following:

	2023	2022
	(In Thousands)	
Cash and cash equivalents	$ 23,581	$ 28,602
Accounts receivable, entrance fee receivables and other receivables, net	32,468	30,439
Investments without donor restrictions	275,049	247,799
Total	$ 331,098	$ 306,840

The Company has other assets restricted as to use: state reserves, interest in investments of CFSA, donor-restricted funds and debt related reserves. These amounts have been excluded from the amounts above.

As part of the Company's liquidity management, cash in excess of daily requirements is invested in short-term investments and money market funds. The Company may designate a portion of any operating surplus to a general reserve. This fund may be drawn upon to meet unexpected liquidity needs.

Donor-restricted funds of $30,460,000 and $33,404,000 at December 31, 2023 and 2022, respectively, can be made available based on the passage of time or other events specified by the donor.
The Company has certain investments without donor restrictions that have been internally designated for long-term purposes of $3,647,000 and $3,249,000 at December 31, 2023 and 2022, respectively, which have been excluded from the amounts above.

Additionally, the Company maintains lines of credit, as discussed in more detail in Note 8.

5. Investments, Fair Value Measurements and Financial Instruments

Investments

The classification of the Company's investments as of December 31 is set forth in the following table:

	2023	2022
	(In Thousands)	
Investments without donor restrictions	$ 278,696	$ 251,048
State reserves for North Carolina and Florida	66,750	68,244
Interest in investments of CFSA	218	190
Donor-restricted funds	40,524	43,489
Debt related reserves	35,789	64,063
Debt service reserve funds	9,078	6,620
Real estate held for investment at cost	4,718	4,718
Total	$ 435,773	$ 438,372

Investment return (loss) is as follows:

	2023	2022
	(In Thousands)	
Without donor restrictions:		
Interest and dividend income	$ 12,772	$ 9,515
Net realized gain (loss) on investments	1,254	(757)
Total investment income	14,026	8,758
Net unrealized gain (loss) on investments	16,687	(50,222)
With donor restrictions:		
Interest and dividend income	575	446
Net unrealized gain (loss) on investments	1,222	(1,006)
Total investment return (loss)	$ 32,510	$ (42,024)

Fair Value Measurements

The Company measures its investments and derivative financial instruments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The fair value of the Company's investments and derivative financial instruments were measured using the following inputs at December 31:

	2023			
	Total	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Other Unobservable Inputs (Level 3)**
	(In Thousands)			
Assets:				
Instruments measured and reported at fair value:				
Investments:				
Money market funds	$ 92,168	$ 92,168	$ -	$ -
Mutual and exchange traded funds, fixed income	86,388	86,388	-	-
U.S. government securities	85,001	-	85,001	-
Corporate debt securities	73,072	-	73,072	-
Mutual and exchange traded funds, equity	37,312	37,312	-	-
Equities	35,599	35,599	-	-
Municipal bonds	5,994	-	5,994	-
Other	4,684	-	4,684	-
Guaranteed investment contracts	4,991	-	-	4,991
Time deposits	2,268	2,268	-	-
Beneficial interest in perpetual trusts	1,006	-	-	1,006
Beneficial interest in the investments of CFSA	218	-	218	-
Total	$ 428,701	$ 253,735	$ 168,969	$ 5,997
Reconciliation of investments to the consolidated balance sheet:				
Cash and cash equivalents	$ 2,354			
Real estate held for investment at cost	4,718			
Investments measured at fair value	428,701			
Total investments	$ 435,773			
Liabilities:				
Accumulated loss on investment contracts	$ 2,108	$ -	$ 2,108	$ -

	2022			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
	(In Thousands)			
Assets:				
Instruments measured and reported at fair value:				
Investments:				
Money market funds	$ 96,858	$ 96,858	$ -	$ -
Mutual and exchange traded funds, fixed income	86,095	86,095	-	-
U.S. government securities	86,516	-	86,516	-
Corporate debt securities	74,958	-	74,958	-
Mutual and exchange traded funds, equity	32,427	32,427	-	-
Equities	34,402	34,402	-	-
Municipal bonds	6,397	-	6,397	-
Other	5,240	-	5,240	-
Guaranteed investment contracts	6,478	-	-	6,478
Time deposits	1,030	1,030	-	-
Beneficial interest in perpetual trusts	991	-	-	991
Beneficial interest in the investments of CFSA	190	-	190	-
Total	$ 431,582	$ 250,812	$ 173,301	$ 7,469
Reconciliation of investments to the consolidated balance sheet:				
Cash and cash equivalents	$ 2,072			
Real estate held for investment at cost	4,718			
Investments measured at fair value	431,582			
Total investments	$ 438,372			
Liabilities:				
Accumulated loss on investment contracts	$ 2,317	$ -	$ 2,317	$ -

The Company's guaranteed investment contracts decreased $1,487,000 in 2023 and $265,000 in 2022, due to net deposits and withdrawals and the dissolution of certain debt service reserve funds.

Financial Instruments

Money market funds, mutual and exchange traded funds, time deposits and equities are valued based on quoted market prices in active markets, which are considered Level 1 inputs. U.S. government securities, corporate debt securities, other investments and municipal bonds are generally valued using quoted market prices of similar securities, which are considered Level 2 inputs. The Company has a beneficial interest in the investments of CFSA. Since CFSA generally invest the Company's funds in U.S. government securities, corporate debt securities, other investments and municipal bonds, the fair value of the beneficial interest in the investments of CFSA was deemed to be determined using Level 2 inputs.

The guaranteed investment contracts are reported at contract value, which approximates fair value, based on the ability of the counterparties to pay the guaranteed claims in accordance with the terms of the contracts. The credit ratings of the counterparties as of the measurement date uphold the guaranteed investment contracts ability to meet obligations set forth in the contracts. Contract value is the aggregation of contributions, plus interest, less withdrawals. Contract value approximates a discounted cash flow value calculated using an appropriate risk-adjusted market discount rate which correlates closely with the counterparties historical credit rates. The guaranteed investment contracts have redemption restrictions based on the terms of the underlying contracts. The redemption restrictions do not have a material impact on the contract value of the guaranteed investment contracts.

The Company measures its accumulated loss on investment contracts at fair value based on proprietary models of an independent third-party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments and considers the credit risk of the counterparty to the agreements and the Company. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Company would pay to terminate the agreements.

6. Accounts Receivable, Entrance Fee Receivables and Other Receivables

Accounts receivable, entrance fee receivables and other receivables are comprised of the following at December 31:

	2023	2022
	(In Thousands)	
Resident monthly fees	$ 4,740	$ 5,123
Resident entrance fees	10,429	9,564
Third-party accounts	20,889	18,225
Other	4,961	4,089
Total receivables	41,019	37,001
Allowance for credit losses	(8,551)	(6,562)
Accounts receivable, entrance fee receivables and other receivables, net	$ 32,468	$ 30,439

7. Property and Equipment

Property and equipment is comprised of the following at December 31:

	2023	2022
	(In Thousands)	
Land and improvements	$ 143,761	$ 134,985
Building and improvements	2,595,707	2,315,109
Furniture, fixtures and equipment	206,575	188,830
Construction in progress	121,634	196,447
Total property and equipment	3,067,677	2,835,371
Accumulated depreciation	(1,168,992)	(1,095,600)
Property and equipment, net	$ 1,898,685	$ 1,739,771

8. Short-Term Indebtedness

ACTS has an available $85,000,000 revolving line of credit with a financial institution. Interest on amounts outstanding on the line of credit was 6.62% at December 31, 2023. Interest is calculated monthly based on changes to the SOFR, as defined. Borrowings were $66,327,000 and $52,331,000 at December 31, 2023 and 2022, respectively. The line of credit is set to expire in October 2024.

ACTS also has an available $90,000,000 revolving line of credit with another financial. Interest on amounts outstanding on the line of credit was 6.63% at December 31, 2023. Interest is calculated monthly based on changes to the SOFR, as defined. Borrowings were $7,097,000 and $75,911,000 at December 31, 2023 and 2022, respectively. The line of credit is set to expire in June 2024.

ACTS' obligations under the line of credit agreements are secured under the terms of a Master Trust Indenture dated December 1, 1996, as supplemented, on a parity basis by a pledge of gross revenues (as defined), a covenant not to create or allow to exist upon its property any lien except for permitted liens and a promise to deliver mortgages and/or deeds of trust granting liens upon and security interest in its facilities to the Master Trustee if certain events occur, as defined.

9. Long-Term Indebtedness

The Company's long-term indebtedness has been issued under three separate structures.

ACTS Obligated Group (ACTS OG)

ACTS OG's long-term indebtedness has been issued under a Master Trust Indenture, dated December 1, 1996, as supplemented, which secures the obligations of ACTS OG and includes a pledge of gross revenues (as defined), a covenant not to create or allow to exist upon its property any lien except for permitted liens and a promise to deliver mortgages and/or deeds of trust granting liens upon and security interest in its facilities to the Master Trustee if certain events occur, as defined. ACTS OG is required to maintain certain reserves with a trustee. Such reserves are included in investments. ACTS OG includes ACTS, AMS, ARLCM, AAM and ASCS under the terms of the Master Trust Indenture.

ARLC MD Obligated Group (ARLC MD OG)

ARLC MD OG's long-term indebtedness has been issued under a Master Trust Indenture, dated February 1, 2020, as supplemented, which secures the obligations of ARLC MD OG and includes a lien on the underlying property and assignment of pledged revenues, as defined. ARLC MD OG is also required to meet certain financial covenants. ARLC MD is the only member of the ARLC MD OG.

Mease Life

Mease Life's long-term indebtedness has been issued under a Bond Indenture, dated December 1, 2021, as supplemented, which secures the obligations of ML and includes a lien on the underlying property and assignment of pledged revenues, as defined. Mease Life is also required to meet certain financial covenants beginning December 31, 2025.

The Company's long-term indebtedness consists of the following at December 31:

	2023	2022
	(In Thousands)	
ACTS OG		
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2023A. The interest rate is 5.25% and principal matures in varying amounts from 2051 through 2053.	$ 10,315	$ -
Delaware Economic Development Authority Retirement Communities Revenue Bonds Series 2023B. The interest rates range from 5% to 5.25% and principal matures in varying amounts from 2037 through 2053.	58,215	-
Taxable Term Loan dated December 15, 2023. The interest rate is 6.23% and resets in December 2026. Principal matures in varying amounts through March 2043.	27,768	-
Public Finance Authority Retirement Communities Revenue Bonds Series 2020A. The interest rates range from 4% to 5% and principal matures in varying amounts from 2037 through 2041.	48,460	48,460
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2020B. The interest rates range from 4% to 5% and principal of $9,480,000 and $9,880,000 matures in 2041 and 2042, respectively.	19,360	19,360
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2020C. The interest rates range from 4% to 5% and principal matures in varying amounts from 2042 through 2045.	47,290	47,290
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2020D (Taxable). The interest rates range from 2.6% to 3.2% and principal matures in varying amounts through 2029.	75,990	82,205
Public Finance Authority Retirement Communities Revenue Bonds Series 2019A. The interest rate is 5% and principal matures in varying amounts through 2049.	23,780	23,845
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 2.69% and principal matures in varying amounts through 2039.	20,680	21,700
Special Care Facilities Financing Authority of the City of Daphne Retirement Communities Revenue Bond Series 2019A (Taxable). The interest rate is 4.35% and principal matures in varying amounts through 2043.	16,412	16,944
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 3.52% and principal matures in varying amounts from 2043 through 2046.	5,100	5,100
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2018A. The interest rate is 5% and principal matures in varying amounts from 2042 through 2045.	46,815	46,815

	2023	2022
	(In Thousands)	
Delaware Economic Development Authority Retirement Communities Revenue Bonds Series 2018B. The interest rate is 5% and principal of $17,325,000 and $18,450,000 matures in 2047 and 2048, respectively.	$ 35,775	$ 35,775
South Carolina Jobs-Economic Development Authority Retirement Communities Revenue Bonds Series 2018C. The interest rate is 5% and principal matures in varying amounts from 2045 through 2047.	21,540	21,540
Public Finance Authority Retirement Communities Revenue Bonds Series 2018D. The interest rate is 3.51% and resets in June 2025. Principal matures in varying amounts from 2037 through 2040.	32,065	32,065
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2018E. The interest rate is 3.51% and resets in June 2025. Principal matures in varying amounts from 2040 through 2042.	31,615	31,615
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2016. The interest rate is 5% and principal matures in varying amounts from 2033 through 2036.	97,165	97,165
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2016. The interest rates range from 3% to 5% and principal matures in varying amounts through 2032.	78,035	78,035
Gainesville and Hall County Development Authority (GA) Retirement Community Revenue Refunding Bonds Series 2016. The interest rates range from 4% to 5% and principal of $435,000 and $6,755,000 matures in 2032 and 2033, respectively.	7,190	7,190
Delaware Economic Development Authority Variable Rate Demand Revenue Bonds Series 2007A. The interest rate is fixed at 4.75% and resets in December 2037 on $29,420,000 of the bonds, and variable at 4.10% at December 31, 2023 on $12,275,000 of the bonds. Principal matures in varying amounts through 2037.	41,695	43,940
Gainesville and Hall County Development Authority (GA) Senior Living Facility Variable Rate Demand Revenue Bonds Series 2003B. The interest rate was 4.61% at December 31, 2023 and principal matures in varying amounts through 2033. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	23,705	25,015
Escambia County Health Facilities Authority (FL) Healthcare Facilities Variable Rate Revenue Refunding Bonds Series 2003B. The interest rate was 4.61% at December 31, 2023 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	12,515	14,340

	2023	2022
	(In Thousands)	
Montgomery County Industrial Development Authority (PA) Retirement Community Variable Rate Demand Revenue Bonds Series 2002. The interest rate was 4.61% at December 31, 2023 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	$ 6,855	$ 7,620
Taxable Term Loan dated December 19, 2013.	-	18,460
Taxable Term Loan dated December 19, 2013.	-	10,780
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Refunding Bonds Series 2012.	-	7,595
Total ACTS OG	788,340	742,854
ARLC MD OG		
The Town of Chestertown Economic Development Refunding Revenue Bond Series 2018B. The interest rate is 3.7% and principal matures in varying amounts through 2038.	20,435	21,430
Maryland Health and Higher Educational Facilities Authority Revenue Bonds Integrace Issue Series 2020A. The interest rate is 5% and principal matures in varying amounts from 2028 through 2049.	87,110	87,110
Maryland Health and Higher Educational Facilities Authority Taxable Revenue Bonds Integrace Issue Series 2020B. The interest rate is 3.3% and principal matures in varying amounts through 2027.	8,390	10,325
Total ARLC MD OG	115,935	118,865
Mease Life		
Pinellas County Health Facilities Authority Health Care Facilities Refunding and Revenue Bonds Series 2021. The interest rate is 7% and principal matures in varying amounts from 2026 through 2057.	21,005	-
Total	925,280	861,719
Bond premiums and discounts, net	69,194	71,754
Unamortized deferred financing costs	(9,057)	(8,759)
Total long-term indebtedness	$ 985,417	$ 924,714

Variable rates are determined based on prevailing market rates and general financial conditions. The variable interest rates above include letter of credit and remarketing fees. The letter of credit fees are subject to change if the rating for ACTS OG changes in the future. Certain debt provisions require the maintenance of the standby bond purchase agreements. Any standby bond purchase agreement used as security, if executed, has a five-year repayment term.

Anticipated principal repayments on long-term indebtedness are as follows (in thousands):

Years ending December 31:	
2024	$ 26,079
2025	26,996
2026	28,131
2027	29,166
2028	30,226
2029 - 2033	175,608
2034 - 2038	186,860
2039 - 2043	194,697
2044 - 2048	181,117
2049 - 2053	40,775
2054 - 2057	5,625
Total	$ 925,280

10. Derivative Instruments and Hedging Activities

ACTS OG has interest rate swap agreements with financial institutions that are considered derivative financial instruments. The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are contracts to exchange variable rate for fixed rate payments over the terms of the swap agreements without the exchange of the underlying notional amount. The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreements. Management believes that losses related to credit risk are remote and that the swap agreements are continuing to function as intended.

The net cash paid or received under the swap agreements is recognized as an adjustment to interest expense. ACTS OG does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

Changes in fair value of the interest rate swap agreements are recorded as a component of net unrealized gain (loss) on investments and investment contracts. The change in fair value was $209,000 in 2023 and $5,732,000 in 2022.

At December 31, 2023, the Company had the following interest rate swaps in effect:

Debt Series	Notional Amount	Maturity Date	Effective Interest Rate	Accumulated Unrealized Loss
Series 2002 (PA)	$ 6,855,000	2029	3.64 %	$ 278,000
Series 2003B (GA)	23,705,000	2033	3.54 %	1,522,000
Series 2003B (FL)	12,515,000	2029	3.35 %	308,000

The fair value of ACTS OG's interest rate swap agreements was $(2,108,000) and $(2,317,000) at December 31, 2023 and 2022, respectively, and was obtained from an independent third-party valuation specialist.

11. Net Assets

Net assets with donor restrictions are available for the following purposes at December 31:

	2023	2022
	(In Thousands)	
Financial assistance to residents	$ 15,085	$ 15,443
Purchase of property and equipment	5,095	8,316
Resident services	650	597
Other	6,730	6,716
Restricted in perpetuity	10,282	10,275
Total net assets with donor restrictions	$ 37,842	$ 41,347

The income distributions from net assets held in perpetuity are available to fund financial assistance to residents and other donor restricted purposes.

Net assets were released from donor restrictions by incurring costs satisfying the restricted purpose or by occurrence of other events specified by donors.

12. Resident Services Revenues

The Company disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Resident services revenues consist of the following for the years ended December 31:

	2023			
	Residential Living	Assisted Living	Skilled Care	Total
	(In Thousands)			
Self-pay	$ 346,054	$ 46,072	$ 62,965	$ 455,091
Medicare and other	3,625	3	39,594	43,222
Medicaid	-	-	8,288	8,288
Total resident services revenues	$ 349,679	$ 46,075	$ 110,847	$ 506,601
Amortization of nonrefundable entrance fees				$ 140,394

	2022			
	Residential Living	Assisted Living	Skilled Care	Total
	(In Thousands)			
Self-pay	$ 314,413	$ 43,830	$ 55,987	$ 414,230
Medicare and other	3,084	2	39,361	42,447
Medicaid	-	-	8,489	8,489
Total resident services revenues	$ 317,497	$ 43,832	$ 103,837	$ 465,166
Amortization of nonrefundable entrance fees				$ 126,118

13. Retirement Plans

The Company participates in a 401(k) Plan (the ACTS 401(k) Plan) covering substantially all full-time employees. The ACTS 401(k) Plan allows for qualified employees to voluntarily contribute up to the Internal Revenue Service maximum. In accordance with the terms of the ACTS 401(k) Plan, the Company matches up to 100% of the first 3% of the employee's contribution, plus an additional 50% of the next 2% of the employee's contribution. Plan expense was $5,612,000 in 2023 and $5,143,000 in 2022.

14. Concentrations of Credit Risk

The Company grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily related to providing residential and healthcare related services.

The Company maintains cash accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses resulting from this, and management believes it is not subject to any significant credit risk related to cash accounts.

15. 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 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.

Construction Agreements

The Company entered into construction agreements for certain development and renovation activities at various communities. Commitments were approximately $21,557,000 as of December 31, 2023.

Litigation

The Company operates in an industry where various suits and claims arise in the normal course of business. The Company maintains general and professional liability coverage on a claims-made basis through a commercial insurance carrier. Management is not currently aware of any claims that have been or will be asserted that will, after consideration of applicable insurance coverages, have a material adverse effect on the consolidated financial statements.

16. Related-Party Transactions

The Company entered into Management, Marketing and Development Agreements with AMS, which are automatically renewable for one year on each anniversary date. Effective January 1, 2023, AMS transferred and assigned the Agreements to ARLCM. ARLCM also entered into a Management, Marketing and Development Agreement with ML on October 1, 2023, which is automatically renewable for one year on each anniversary date. Management fees are equal to 4% of gross revenues, plus any out-of-pocket expenses. Marketing fees are equal to 4% of gross entrance fee proceeds, plus any out-of-pocket expenses. Development fees are equal to 4% of project costs for qualified capital projects. In addition, certain key employees of the Company are employees of ARLCM; the Company reimburses ARLCM for the related salary and benefit costs. Total fees incurred under the Agreements were $52,570,000 in 2023 and $48,182,000 in 2022. Amounts payable in connection with the Agreements are included in the consolidated balance sheets as due to affiliated organizations. These balances are generally intended to be settled in the normal course of business.

The Company participates with ARLCM in self-insured workers compensation and health insurance programs. In accordance with the terms of the Agreements, the Company pays ARLCM a fixed premium for its participation in these programs, which is adjusted from time to time. During 2022, the fixed premiums were received by AMS. Premiums paid in connection with these programs were $31,682,000 in 2023 and $29,918,000 in 2022.

17. Functional Expenses

The Company provides housing, healthcare and other related services to residents within its geographic locations. The consolidated 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. Costs not directly attributable to a function, including depreciation and amortization, interest and other occupancy costs, are allocated to a function based on usage of space. Expenses relating to providing these services are approximately as follows for 2023 and 2022:

	2023		
	Program Services	General and Administrative	Total
Salaries, wages and benefits	$ 302,809	$ 10,535	$ 313,344
Contracted services	76,692	10,993	87,685
Utilities	33,164	1	33,165
Food	26,454	818	27,272
Supplies	19,438	7,938	27,376
Real estate taxes	12,927	679	13,606
Insurance	9,992	24	10,016
Other	12,494	11,172	23,666
Depreciation and amortization	90,771	6,942	97,713
Interest, net	33,790	-	33,790
Total	$ 618,531	$ 49,102	$ 667,633

	2022		
	Program Services	**General and Administrative**	**Total**
Salaries, wages and benefits	$ 275,860	$ 13,524	$ 289,384
Contracted services	86,334	3,737	90,071
Utilities	29,849	-	29,849
Food	27,729	648	28,377
Supplies	19,080	7,412	26,492
Real estate taxes	12,530	721	13,251
Insurance	8,364	26	8,390
Other	12,410	10,546	22,956
Depreciation and amortization	85,935	5,634	91,569
Interest, net	31,848	-	31,848
Total	$ 589,939	$ 42,248	$ 632,187

ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidating Balance Sheet Schedule
December 31, 2023
(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Integrace, Inc. d/b/a ACTS Retirement-Life Communities of Maryland	Mease Life, Inc.	Mease Life Resident Foundation, Inc.	ACTS Legacy Foundation, Inc.	ACTS Signature Community Services, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
Assets									
Cash and cash equivalents	$ 14,458	$ 7,334	$ 992	$ -	$ 438	$ 225	$ 134	$ -	$ 23,581
Investments	385,020	36,532	10,919	3,686	27,065	-	-	(27,449)	435,773
Accounts receivable, entrance fee receivables and other receivables, net	22,566	4,434	1,695	-	-	2,489	1,284	-	32,468
Prepaid expenses, inventory and deposits	10,598	1,265	602	-	-	42	-	-	12,507
Property and equipment, net	1,627,809	207,258	63,618	-	-	-	-	-	1,898,685
Goodwill	4,926	104,538	-	-	-	-	-	-	109,464
Deferred costs, net	11,997	1,739	209	-	-	-	-	-	13,945
Total assets	$ 2,077,374	$ 363,100	$ 78,035	$ 3,686	$ 27,503	$ 2,756	$ 1,418	$ (27,449)	$ 2,526,423
Liabilities and Net Assets (Deficit)									
Liabilities									
Accounts payable and accrued expenses	$ 71,854	$ 11,698	$ 4,145	$ 3	$ -	$ 1,400	$ 1,255	$ -	$ 90,355
Resident monthly fees paid in advance	-	3,918	-	-	-	-	-	-	3,918
Short-term indebtedness	73,424	-	-	-	-	-	-	-	73,424
Long-term indebtedness	830,607	133,805	21,005	-	-	-	-	-	985,417
Charitable gift annuity obligations	-	92	-	-	2,808	-	-	-	2,900
Entrance fee deposits	14,895	803	364	-	-	-	-	-	16,062
Refundable portion of entrance fees	7,227	62,459	-	-	-	-	-	-	69,686
Deferred revenue from entrance fees	952,955	105,720	6,838	-	-	-	-	-	1,065,513
Accumulated loss on investment contracts	2,108	-	-	-	-	-	-	-	2,108
Due to affiliated organizations	(1,742)	18,504	118	149	783	10,005	88	-	27,905
Total liabilities	1,951,328	336,999	32,470	152	3,591	11,405	1,343	-	2,337,288
Net Assets (Deficit)									
Without donor restrictions	101,886	12,499	45,485	3,470	-	(8,649)	75	(3,473)	151,293
With donor restrictions	24,160	13,602	80	64	23,912	-	-	(23,976)	37,842
Total net assets (deficit)	126,046	26,101	45,565	3,534	23,912	(8,649)	75	(27,449)	189,135
Total liabilities and net assets (deficit)	$ 2,077,374	$ 363,100	$ 78,035	$ 3,686	$ 27,503	$ 2,756	$ 1,418	$ (27,449)	$ 2,526,423

ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets (Deficit) Schedule
Year Ended December 31, 2023
(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Integrace, Inc. d/b/a ACTS Retirement-Life Communities of Maryland	Mease Life, Inc.	Mease Life Resident Foundation, Inc.	ACTS Legacy Foundation, Inc.	ACTS Signature Community Services, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
Operating Revenue									
Resident services revenues, net of amortization of entrance fees	$ 376,511	$ 60,168	$ 4,275	$ -	$ -	$ 14,499	$ -	$ (362)	$ 455,091
Resident services revenues from third-party payors	34,869	11,638	1,401	-	-	5,842	-	(2,240)	51,510
Investment income	13,203	704	119	-	-	-	-	-	14,026
Net assets released from restrictions to provide resident services	2,471	808	23	-	-	-	-	-	3,302
Other revenue	6,917	778	23	-	263	7	12,287	(12,337)	7,938
Total operating revenue before amortization of entrance fees	433,971	74,096	5,841	-	263	20,348	12,287	(14,939)	531,867
Amortization of entrance fees	126,730	13,360	304	-	-	-	-	-	140,394
Total operating revenue	560,701	87,456	6,145	-	263	20,348	12,287	(14,939)	672,261
Operating Expenses									
Salaries, wages and benefits	248,973	44,451	2,106	-	-	17,813	4,810	(4,809)	313,344
Contracted services	75,055	10,619	2,079	3	263	2,268	7,110	(9,712)	87,685
Utilities	27,702	5,046	417	-	-	-	-	-	33,165
Food	23,527	3,407	328	-	-	10	-	-	27,272
Supplies	22,507	3,926	276	-	-	667	131	(131)	27,376
Real estate taxes	12,226	1,341	39	-	-	-	-	-	13,606
Insurance	8,532	1,023	377	-	-	84	7	(7)	10,016
Other	18,251	3,084	240	-	-	2,148	223	(280)	23,666
Total operating expenses before depreciation, amortization and interest	436,773	72,897	5,862	3	263	22,990	12,281	(14,939)	536,130
Depreciation and amortization	88,801	8,470	442	-	-	-	-	-	97,713
Interest, net	29,345	4,078	367	-	-	-	-	-	33,790
Total operating expenses	554,919	85,445	6,671	3	263	22,990	12,281	(14,939)	667,633
Operating income (loss)	5,782	2,011	(526)	(3)	-	(2,642)	6	-	4,628

ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets (Deficit) Schedule (continued)
Year Ended December 31, 2023
(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Integrace, Inc. d/b/a ACTS Retirement-Life Communities of Maryland	Mease Life, Inc.	Mease Life Resident Foundation, Inc.	ACTS Legacy Foundation, Inc.	ACTS Signature Community Services, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
Changes in Net Assets (Deficit) Without Donor Restrictions									
Operating income (loss)	$ 5,782	$ 2,011	$ (526)	$ (3)	$ -	$ (2,642)	$ 6	$ -	$ 4,628
Net unrealized gain on investments and investment contracts	15,568	1,229	99	-	-	-	-	-	16,896
Loss on early extinguishment of debt	(63)	-	-	-	-	-	-	-	(63)
Other valuation adjustments	(314)	(1,323)	-	-	-	-	-	-	(1,637)
Net gain on nonoperating events	874	-	-	-	-	-	-	-	874
Inherent contribution received in affiliation	-	-	45,912	3,473	-	-	-	(3,473)	45,912
Net operating income (loss)	21,847	1,917	45,485	3,470	-	(2,642)	6	(3,473)	66,610
Net assets released from restrictions to acquire property and equipment	5,784	557	-	-	-	-	-	-	6,341
Transfer of net assets (to) from affiliate	(3,366)	-	-	-	3,146	-	-	220	-
Change in net assets (deficit) without donor restrictions	24,265	2,474	45,485	3,470	3,146	(2,642)	6	(3,253)	72,951
Changes in Net Assets With Donor Restrictions									
Net assets with donor restrictions acquired from membership affiliation	-	-	105	89	-	-	-	(89)	105
Contributions	30	349	-	5	4,500	-	-	-	4,884
Interest and dividend income	-	160	-	-	415	-	-	-	575
Net unrealized gain (loss) on investments	-	882	-	(7)	347	-	-	-	1,222
Change in split interest agreements	-	(36)	-	-	(640)	-	-	-	(676)
Net assets released from restrictions to:									
Provide resident services	-	(808)	-	(23)	(2,471)	-	-	-	(3,302)
Acquire property and equipment	-	(557)	-	-	(5,784)	-	-	-	(6,341)
Change in beneficial interest in the investments of Mease Life Resident Foundation, Inc. (MLRF)	-	-	(25)	-	-	-	-	25	-
Change in beneficial interest in the investments of Community Foundation of South Alabama (CFSA)	28	-	-	-	-	-	-	-	28
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF)	(3,633)	-	-	-	-	-	-	3,633	-
Change in net assets with donor restrictions	(3,575)	(10)	80	64	(3,633)	-	-	3,569	(3,505)
Change in net assets (deficit)	20,690	2,464	45,565	3,534	(487)	(2,642)	6	316	69,446
Net Assets (Deficit), Beginning	105,356	23,637	-	-	24,399	(6,007)	69	(27,765)	119,689
Net Assets (Deficit), Ending	$ 126,046	$ 26,101	$ 45,565	$ 3,534	$ 23,912	$ (8,649)	$ 75	$ (27,449)	$ 189,135

ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidating Statement of Cash Flows Schedule
Year Ended December 31, 2023
(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Integrace, Inc. d/b/a ACTS Retirement-Life Communities of Maryland	Mease Life, Inc.	Mease Life Resident Foundation, Inc.	ACTS Legacy Foundation, Inc.	ACTS Signature Community Services, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
Cash Flows From Operating Activities									
Change in net assets (deficit)	$ 20,690	$ 2,464	$ 45,565	$ 3,534	$ (487)	$ (2,642)	$ 6	$ 316	$ 69,446
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Transfer of net assets to (from) affiliate	3,366	-	-	-	(3,146)	-	-	(220)	-
Membership affiliation	-	-	(46,017)	(3,562)	-	-	-	3,562	(46,017)
Depreciation and amortization	88,801	8,470	442	-	-	-	-	-	97,713
Amortization of entrance fees	(126,730)	(13,360)	(304)	-	-	-	-	-	(140,394)
Other valuation adjustment	314	1,323	-	-	-	-	-	-	1,637
Amortization of bond discount and premium, net	(3,021)	(831)	-	-	-	-	-	-	(3,852)
Amortization of deferred financing costs	732	48	-	-	-	-	-	-	780
Entrance fees and deposits from non-refundable resale contracts	209,682	26,801	717	-	-	-	-	-	237,200
Refunds of nonrefundable entrance fees and deposits from resale contracts	(17,872)	(1,636)	(159)	-	-	-	-	-	(19,667)
Administrative fee included in gross entrance fees	(11,460)	(1,344)	(30)	-	-	-	-	-	(12,834)
Net realized and unrealized (gain) loss on investments	(16,594)	(2,129)	(92)	-	(348)	-	-	-	(19,163)
Change in fair value of investment contracts	(209)	-	-	-	-	-	-	-	(209)
Loss on early extinguishment of debt	63	-	-	-	-	-	-	-	63
Increase in deferred costs	(3,714)	(547)	(23)	-	-	-	-	-	(4,284)
Change in beneficial interest in the investments of ALF	878	-	-	-	-	-	-	(878)	-
Change in beneficial interest in the investments of MLRF	-	-	(4)	-	-	-	-	4	-
Change in beneficial interest in the investments of CFSA	(28)	-	-	-	-	-	-	-	(28)
Net change in due to affiliated organizations	1,798	1,680	118	149	(9,291)	2,212	(255)	-	(3,589)
Changes in assets and liabilities:									
Decrease (increase) in accounts receivable and other receivables	1,041	(71)	(893)	-	-	(152)	(287)	-	(362)
Decrease (increase) in prepaid expenses, inventory and deposits	(618)	162	131	-	-	85	1	-	(239)
Increase (decrease) in accounts payable and accrued expenses and resident monthly fees paid in advance	732	482	(567)	3	-	289	419	-	1,358
Net cash provided by (used in) operating activities	147,851	21,512	(1,116)	124	(13,272)	(208)	(116)	2,784	157,559
Cash Flows From Investing Activities									
Cash, cash equivalents and restricted cash and cash equivalents received in membership affiliation	-	-	9,687	531	-	-	-	-	10,218
Purchase of property and equipment	(139,651)	(17,833)	(319)	-	-	-	-	-	(157,803)
(Increase) decrease in investments	(8,153)	8,029	122	(655)	13,149	-	-	(2,784)	9,708
Net cash (used in) provided by investing activities	(147,804)	(9,804)	9,490	(124)	13,149	-	-	(2,784)	(137,877)
Cash Flows From Financing Activities									
Entrance fees and deposits from initial sale contracts	27,499	-	-	-	-	-	-	-	27,499
Refunds of entrance fees and deposits from initial sale contracts	(1,252)	-	-	-	-	-	-	-	(1,252)
Refunds of refundable entrance fees	(3,485)	(11,866)	-	-	-	-	-	-	(15,351)
Payment of accounts payable, construction	(34,996)	(4,174)	-	-	-	-	-	-	(39,170)
Proceeds from short-term indebtedness	72,724	-	-	-	-	-	-	-	72,724
Proceeds from long-term indebtedness	14,822	-	-	-	-	-	-	-	14,822
Increase in deferred financing costs	(1,141)	-	-	-	-	-	-	-	(1,141)
Increase in charitable gift annuity obligations	-	38	-	-	1,241	-	-	-	1,279
Payments on charitable gift annuity obligations	-	(16)	-	-	(695)	-	-	-	(711)
Payments on short-term indebtedness	(72,542)	-	-	-	-	-	-	-	(72,542)
Payments on long-term indebtedness	(23,044)	(2,930)	-	-	-	-	-	-	(25,974)
Net cash (used in) provided by financing activities	(21,415)	(18,948)	-	-	546	-	-	-	(39,817)
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(21,368)	(7,240)	8,374	-	423	(208)	(116)	-	(20,135)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	82,941	24,471	-	-	15	433	250	-	108,110
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 61,573	$ 17,231	$ 8,374	$ -	$ 438	$ 225	$ 134	$ -	$ 87,975
Supplementary Disclosure of Cash Flow Information									
Interest paid, net of amounts capitalized	$ 31,669	$ 4,870	$ -	$ -	$ -	$ -	$ -	$ -	$ 36,539
Supplemental Disclosure of Noncash Investing and Financing Activities									
Obligations incurred for the acquisition of property and equipment	$ 29,825	$ 3,641	$ 117	$ -	$ -	$ -	$ -	$ -	$ 33,583
Proceeds from long-term indebtedness used to repay long-term indebtedness	$ 27,768	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,768
Proceeds from long-term indebtedness used to repay short-term indebtedness	$ 55,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 55,000