

# **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Consolidated Financial Statements  
and Supplementary Information

December 31, 2025 and 2024

# **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

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## 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, 2025 and 2024, 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, 2025 and 2024, 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 consolidated 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 as identified in the table contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets (deficit) 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, 2026

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 31,509	\$ 28,512
Investments	541,443	434,444
Accounts receivable, entrance fee receivables and other receivables, net	28,215	36,962
Prepaid expenses, inventory and deposits	12,888	13,342
Property and equipment, net	2,125,858	2,070,573
Goodwill	117,108	117,108
Deferred costs, net	17,652	16,398
	<u>2,874,673</u>	<u>2,717,339</u>
Total assets	<u>\$ 2,874,673</u>	<u>\$ 2,717,339</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 89,712	\$ 89,790
Resident monthly fees paid in advance	2,919	3,243
Short-term indebtedness	24,003	56,270
Long-term indebtedness	1,099,826	1,015,822
Charitable gift annuity obligations	2,431	2,680
Entrance fee deposits	15,163	8,948
Refundable portion of entrance fees	86,178	105,982
Deferred revenue from entrance fees	1,273,442	1,204,825
Accumulated loss on investment contracts	1,501	1,253
Due to affiliated organizations	35,161	26,794
	<u>2,630,336</u>	<u>2,515,607</u>
Total liabilities	<u>2,630,336</u>	<u>2,515,607</u>
<b>Net Assets</b>		
Without donor restrictions	203,338	162,453
With donor restrictions	40,999	39,279
	<u>244,337</u>	<u>201,732</u>
Total net assets	<u>244,337</u>	<u>201,732</u>
Total liabilities and net assets	<u>\$ 2,874,673</u>	<u>\$ 2,717,339</u>

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, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Operating Revenue</b>		
Resident services revenues, net of amortization of entrance fees	\$ 541,172	\$ 502,675
Resident services revenues from third-party payors	63,285	55,453
Investment income	15,825	17,102
Net assets released from restrictions to provide resident services	3,762	3,538
Other revenue	8,724	7,918
	<u>632,768</u>	<u>586,686</u>
Total operating revenue before amortization of entrance fees	632,768	586,686
Amortization of entrance fees	<u>174,731</u>	<u>152,461</u>
Total operating revenue	<u>807,499</u>	<u>739,147</u>
<b>Operating Expenses</b>		
Salaries, wages and benefits	366,526	343,851
Contracted services	99,390	97,482
Utilities	38,492	34,303
Food	31,290	29,693
Supplies	30,624	29,642
Real estate taxes	15,715	14,277
Insurance	12,610	12,181
Other	26,141	25,796
	<u>620,788</u>	<u>587,225</u>
Total operating expenses before depreciation, amortization and interest	620,788	587,225
Depreciation and amortization	116,851	107,113
Interest, net	<u>43,258</u>	<u>39,449</u>
Total operating expenses	<u>780,897</u>	<u>733,787</u>
Operating income	<u>\$ 26,602</u>	<u>\$ 5,360</u>

See notes to consolidated financial statements

## **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Consolidated Statements of Operations and Changes in Net Assets (Continued)

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Operating income	\$ 26,602	\$ 5,360
Net unrealized gain on investments and investment contracts	15,952	5,066
Loss on early extinguishment of debt	(1,437)	-
Other valuation adjustments	(3,491)	(1,843)
Net gain on nonoperating events	1,683	718
	<u>39,309</u>	<u>9,301</u>
Net operating income	39,309	9,301
Net assets released from restrictions to acquire property and equipment	1,576	1,859
	<u>40,885</u>	<u>11,160</u>
Change in net assets without donor restrictions	40,885	11,160
<b>Changes in Net Assets With Donor Restrictions</b>		
Net assets with donor restrictions acquired from membership affiliation	-	357
Contributions	5,750	4,909
Interest and dividend income	683	1,005
Net unrealized gain on investments	779	312
Change in split interest agreements	108	225
Net assets released from restrictions to:		
Provide resident services	(3,762)	(3,538)
Acquire property and equipment	(1,576)	(1,859)
Change in beneficial interest in the investments of other foundations	(262)	26
	<u>1,720</u>	<u>1,437</u>
Change in net assets with donor restrictions	1,720	1,437
Change in net assets	42,605	12,597
<b>Net Assets, Beginning</b>	<u>201,732</u>	<u>189,135</u>
<b>Net Assets, Ending</b>	<u>\$ 244,337</u>	<u>\$ 201,732</u>

See notes to consolidated financial statements

**ACTS Retirement-Life Communities, Inc. and Subsidiaries**

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

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 42,605	\$ 12,597
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Membership affiliation	-	(357)
Depreciation and amortization	116,851	107,113
Amortization of entrance fees	(174,731)	(152,461)
Other valuation adjustments	3,491	1,843
Amortization of bond discount and premium, net	(4,158)	(3,916)
Amortization of deferred financing costs	800	772
Entrance fees and deposits from nonrefundable resale contracts	283,087	264,017
Refunds of nonrefundable entrance fees and deposits from resale contracts	(23,013)	(20,014)
Administrative fee included in gross entrance fees	(13,609)	(15,577)
Net realized and unrealized gain on investments	(18,263)	(7,262)
Change in fair value of investment contracts	248	(855)
Loss on early extinguishment of debt	177	-
Net gain on nonoperating events	-	(718)
Net change in due from/to affiliated organizations	8,367	(1,111)
Increase in deferred costs	(3,377)	(3,497)
Change in beneficial interest in the investments of other foundations	262	(26)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable and other receivables	4,659	(4,261)
Decrease (increase) in prepaid expenses, inventory and deposits	454	(720)
Decrease in accounts payable and accrued expenses and resident monthly fees paid in advance	(548)	(7,250)
Net cash provided by operating activities	<u>223,302</u>	<u>168,317</u>
<b>Cash Flows From Investing Activities</b>		
Cash, cash equivalents and restricted cash and cash equivalents received in membership affiliation	-	7,404
Purchase of property and equipment	(141,639)	(142,803)
(Increase) decrease in investments	(1,111)	18,202
Net cash used in investing activities	<u>(142,750)</u>	<u>(117,197)</u>
<b>Cash Flows From Financing Activities</b>		
Entrance fees and deposits from initial sale contracts	3,063	37,679
Refunds of entrance fees and deposits from initial sale contracts	(122)	(374)
Entrance fees from refundable contracts	4,855	3,240
Refunds of refundable entrance fees	(25,682)	(18,860)
Payment of accounts payable, construction	(25,570)	(33,583)
Proceeds from short-term indebtedness	20,000	83,985
Proceeds from long-term indebtedness	93,244	-
Increase in deferred financing costs	(1,617)	(13)
Increase in charitable gift annuity obligations	355	448
Payments on charitable gift annuity obligations	(604)	(668)
Payments on short-term indebtedness	(27,267)	(101,139)
Payments on long-term indebtedness	(30,323)	(26,079)
Net cash provided by (used in) financing activities	<u>10,332</u>	<u>(55,364)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	90,884	(4,244)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>83,731</u>	<u>87,975</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 174,615</u>	<u>\$ 83,731</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid, net of amounts capitalized	<u>\$ 46,832</u>	<u>\$ 46,500</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Obligations incurred for the acquisition of property and equipment	<u>\$ 28,374</u>	<u>\$ 25,570</u>
Proceeds from long-term indebtedness used to repay long-term indebtedness	<u>\$ 49,293</u>	<u>\$ -</u>
Proceeds from long-term indebtedness to repay short-term indebtedness	<u>\$ 25,000</u>	<u>\$ -</u>

See notes to consolidated financial statements

# ACTS Retirement-Life Communities, Inc. and Subsidiaries

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Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

## 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), Acts Alliance Management, LLC (AAM) and Acts Construction Services, LLC (ACS), Pennsylvania limited liability companies. AMS and ARLCM provide management, marketing and development services to ACTS Retirement-Life Communities, Inc. (ACTS) and the Affiliates (as herein defined).

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 28 continuing care retirement communities (CCRCs), located in Alabama (2), Delaware (3), Florida (6), 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 6 CCRCs within three separate, related legal entities (the Affiliates).

On December 31, 2025, ACTS Signature Community Services, Inc. (ASCS), an entity under common control and a not-for-profit Pennsylvania corporation that provides home and community-based services and primary care services to residents of ACTS CCRCs, merged into ACTS and is now operating as a division of ACTS.

ACTS is the sole member of the following entities:

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 and the Affiliates. AADC is the sole corporate member of the following Affiliates:

Acts Communities of Maryland, Inc. (ACMD), 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.

Bonita Springs Retirement Village, Inc. d/b/a The Terraces at Bonita Springs (TERR), a not-for-profit Florida corporation which operates a CCRC located in Bonita Springs, Florida.

Acts Community at Heritage Farms, Inc. (ACHF), a not-for-profit Tennessee corporation which was incorporated during 2025 with the intention to develop a CCRC located in Columbia, Tennessee.

# ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

## Principles of Consolidation

The consolidated financial statements include the accounts for ACTS, ACHF, ALF, AADC, ACMD, ML and TERR (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). Further, all of the organizations in the Company with the exception of ACHF and AADC are exempt from federal income taxes on their exempt income under Section 501(a) of the IRC. ACHF has applied for federal tax exemption. 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 Membership

Effective November 1, 2024, ACTS became the sole member of TERR and, as such, TERR became an affiliate of ACTS. TERR remained a separate not-for-profit organization. In connection with the affiliation, AMS and ARLCM entered into a Management, Marketing and Development Agreement with TERR. 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	\$	1,703
Investments		24,461
Accounts receivable and other receivables		964
Prepaid expenses, inventory and deposits		115
Property and equipment		108,900
Deferred costs		684
Goodwill		7,644
Accounts payable and accrued expense		(9,560)
Long-term indebtedness		(59,494)
Entrance fee deposits		(597)
Refundable portion of entrance fees		(52,935)
Deferred revenue from entrance fees		(21,528)
Net assets with donor restrictions (membership affiliation)		(357)
	\$	-

# ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

This transaction was accounted for using the acquisition method. The carrying amounts of cash and cash equivalents, accounts receivable and other receivables, 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. Investments were recorded at fair value. The fair value of TERR's property and equipment as of the acquisition date was based on an independent third-party appraisal. The deferred revenue from entrance fees assumed as part of the transaction is comprised of contract liabilities for performance obligations outstanding and were recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts With Customers (Topic 606)*, as of the acquisition date. The contract liabilities were also recognized at carrying value in accordance with FASB ASU 2021-08, *Business Combinations (Topic 805)*. The refundable portion of entrance fees for TERR is comprised of the refundable component of the entrance fees assumed as part of the transaction. As these liabilities are expected to be refunded, these are not considered contract liabilities as contemplated by FASB ASU 2014-09. As such, the liabilities were recorded at fair value using a risk-free discount rate and estimated remaining life expectancies for each resident, which approximate the time period over which the liabilities are expected to be settled. The fair value of TERR's long-term indebtedness are more fully described in Note 9.

The 2024 consolidated statements of operations and changes in net assets and cash flows include the activities of TERR for the two months ended December 31, 2024.

If the results of operations of TERR were combined with the operations of ACTS had the acquisitions occurred as of January 1, 2024, the Company's results would appear as follows:

Total operating revenue	\$	758,114
Change in net assets without donor restrictions		2,609
Change in net assets with donor restrictions		1,416

### 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 restricted 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.

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Cash and cash equivalents	\$ 31,509	\$ 28,512
Restricted cash and cash equivalents included in investments	<u>143,106</u>	<u>55,219</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 174,615</u>	<u>\$ 83,731</u>

# ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

## 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 on investments, interest and dividends) is included in net operating income 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 credit loss 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.

Accounts receivable, entrance fee receivables and other receivables, net were \$32,468,000 at December 31, 2023.

## 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.

## **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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 \$114,728,000 in 2025 and \$105,385,000 in 2024.

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 \$6,305,000 in 2025 and \$5,496,000 in 2024.

### **Goodwill**

In connection with the recording of the assets and liabilities of Heron Point of Chestertown, Inc. (HP) in 2010, Presbyterian Retirement Corporation, Inc. (PRC) in 2017, ACMD in 2019 and TERR in 2024, the fair value of the assets was less than the fair value of the liabilities. As a result, goodwill of \$117,108,000 was recorded in connection with these transactions and allocated to each reporting unit.

HP merged into ACMD 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 ACMD. PRC merged into ACTS in 2023. As a result of this change in reporting structure, the goodwill previously assigned to PRC's separate reporting unit of \$4,926,000 was assigned to ACTS.

Goodwill is not amortized; instead, the Company evaluates goodwill for impairment on an annual basis or more frequently if indicators of impairment exist. In 2025 and 2024, 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 ACMD, TERR, and PRC's separate reporting unit, which is now a division of ACTS, 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 ACMD, TERR and PRC's separate reporting unit, which is now a division of ACTS, exceeded its carrying amount, including goodwill. Therefore, additional testing to identify potential impairment was unnecessary.

As such, no impairment losses were recorded in 2025 and 2024.

### **Deferred Costs**

Deferred costs include incremental costs of obtaining resident agreements that would not have been incurred if the resident 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 \$2,123,000 in 2025 and \$1,728,000 in 2024.

### **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 \$800,000 in 2025 and \$772,000 in 2024.

## **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

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Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### **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 on investments and investment contracts.

### **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, 2025 and 2024, 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% to 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 \$174,731,000 in 2025 and \$152,461,000 in 2024. The Company updates its life expectancies approximately every five years. As a result, amortization of entrance fees increased by approximately \$7,154,000 in 2025.

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 \$651,808,000 and \$659,163,000 at December 31, 2025 and 2024, 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, 2025 for TERR and December 31, 2023 for all others), 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, 2025 and 2024.

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

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Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### 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 is accounted for in net assets without donor restriction.

**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 private pay residents are generally billed monthly in advance. Resident services revenues for ancillary services due from private 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.

## **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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, correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

### **Contract Balances**

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The Company had no contract assets as of December 31, 2025, 2024 and 2023. Contract liabilities represent the Company's obligation to transfer goods or services to a resident for which the Company has received consideration (or the amount is due) from the resident. The Company's beginning and ending contract liabilities are separately presented on the balance sheets as of December 31, 2025 and 2024 as deferred revenue from entrance fees. Deferred revenue from entrance fees were \$1,065,513,000 as of December 31, 2023.

### **Income Taxes**

ACTS, ACHF, ALF, ACMD, ML and TERR 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 (except ACHF which has applied for federal income tax exemption). 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 and net operating income (the performance indicator). Operating income 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 includes all operating activities, as well as net unrealized gain 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).

# ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

## 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

The Company evaluated subsequent events for recognition or disclosure through April 29, 2026, 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:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Cash and cash equivalents	\$ 31,509	\$ 28,512
Accounts receivable, entrance fee receivables and other receivables, net	28,215	36,962
Investments without donor restrictions	<u>306,134</u>	<u>280,206</u>
Total	<u>\$ 365,858</u>	<u>\$ 345,680</u>

The Company has other assets restricted as to use: state reserves, interest in investments of the Community Foundation of Southern Alabama (CFSA) and SantaFe Senior Living Foundation (SFSLF) (collectively, the other foundations), donor-restricted funds and debt related reserves. These amounts have been excluded from the amounts above. During 2025, the interest in investments of SFSLF was transferred to ALF.

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 \$33,147,000 and \$31,676,000 at December 31, 2025 and 2024, 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 \$3,845,000 and \$3,652,000 at December 31, 2025 and 2024, respectively, which have been excluded from the amounts above.

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

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### 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:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Investments without donor restrictions	\$ 309,979	\$ 283,858
State reserves	69,528	66,762
Interest in investments of CFSA & SFSLF	275	537
Donor-restricted funds	43,155	41,422
Debt related reserves	102,417	23,933
Debt service reserve funds	11,371	13,214
Real estate held for investment at cost	4,718	4,718
	<u>\$ 541,443</u>	<u>\$ 434,444</u>
Total		

Investment return is as follows:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Without donor restrictions:		
Interest and dividend income	\$ 14,541	\$ 14,363
Net realized gain on investments	1,284	2,739
	<u>15,825</u>	<u>17,102</u>
Total investment income		
Net unrealized gain on investments	16,200	4,211
With donor restrictions:		
Interest and dividend income	683	1,005
Net unrealized gain on investments	779	312
	<u>\$ 33,487</u>	<u>\$ 22,630</u>
Total investment return		

#### 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.

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

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:

	2025			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
(In Thousands)				
<b>Assets:</b>				
Instruments measured and reported at fair value:				
Investments:				
Money market funds	\$ 159,554	\$ 159,554	\$ -	\$ -
U.S. government securities	104,141	-	104,141	-
Mutual and exchange traded funds, fixed income	100,361	100,361	-	-
Corporate debt securities	70,651	-	70,651	-
Equities	40,838	40,838	-	-
Mutual and exchange traded funds, equity	39,039	39,039	-	-
Municipal bonds	5,034	-	5,034	-
Guaranteed investment contracts	5,018	-	-	5,018
Other	2,433	-	2,433	-
Beneficial interest in perpetual trusts	1,218	-	-	1,218
Time deposits	529	529	-	-
Beneficial interest in the investments of CFSA	275	-	275	-
<b>Total</b>	<b>\$ 529,091</b>	<b>\$ 340,321</b>	<b>\$ 182,534</b>	<b>\$ 6,236</b>
<b>Reconciliation of investments to the consolidated balance sheet:</b>				
Cash and cash equivalents	\$ 7,634			
Real estate held for investment at cost	4,718			
Investments measured at fair value	529,091			
<b>Total investments</b>	<b>\$ 541,443</b>			
<b>Liabilities:</b>				
Accumulated loss on investment contracts	\$ 1,501	\$ -	\$ 1,501	\$ -

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

	2024			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
(In Thousands)				
Assets:				
Instruments measured and reported at fair value:				
Investments:				
Money market funds	\$ 79,893	\$ 79,893	\$ -	\$ -
U.S. government securities	95,524	-	95,524	-
Mutual and exchange traded funds, fixed income	87,635	87,635	-	-
Corporate debt securities	74,833	-	74,833	-
Equities	38,934	38,934	-	-
Mutual and exchange traded funds, equity	35,577	35,577	-	-
Municipal bonds	4,700	-	4,700	-
Guaranteed investment contracts	5,003	-	-	5,003
Other	3,817	-	3,817	-
Beneficial interest in perpetual trusts	1,109	-	-	1,109
Time deposits	676	676	-	-
Beneficial interest in the investments of CFSA & SFSLF	537	-	537	-
Total	<u>\$ 428,238</u>	<u>\$ 242,715</u>	<u>\$ 179,411</u>	<u>\$ 6,112</u>
Reconciliation of investments to the consolidated balance sheet:				
Cash and cash equivalents	\$ 1,488			
Real estate held for investment at cost	4,718			
Investments measured at fair value	<u>428,238</u>			
Total investments	<u>\$ 434,444</u>			
Liabilities:				
Accumulated loss on investment contracts	<u>\$ 1,253</u>	<u>\$ -</u>	<u>\$ 1,253</u>	<u>\$ -</u>

The Company's guaranteed investment contracts increased \$15,000 and \$12,000 in 2025 and 2024, respectively, 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 and SFSLF. Since CFSA and SFSLF 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 and SFSLF was deemed to be determined using Level 2 inputs.

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

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:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Resident monthly fees	\$ 5,807	\$ 5,699
Resident entrance fees	4,892	8,980
Third-party accounts	10,917	20,680
Other	<u>8,974</u>	<u>7,438</u>
Total receivables	30,590	42,797
Allowance for credit losses	<u>(2,375)</u>	<u>(5,835)</u>
Accounts receivable, entrance fee receivables and other receivables, net	<u>\$ 28,215</u>	<u>\$ 36,962</u>

### 7. Property and Equipment

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

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Land and improvements	\$ 159,569	\$ 157,696
Building and improvements	2,958,145	2,861,411
Furniture, fixtures and equipment	235,899	223,918
Construction in progress	<u>112,682</u>	<u>86,665</u>
Total property and equipment	3,466,295	3,329,690
Accumulated depreciation	<u>(1,340,437)</u>	<u>(1,259,117)</u>
Property and equipment, net	<u>\$ 2,125,858</u>	<u>\$ 2,070,573</u>

## **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### **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 5.08% at December 31, 2025. Interest is calculated monthly based on changes to the SOFR, as defined. Borrowings were \$24,003,000 and \$37,302,000 at December 31, 2025 and 2024, respectively. The line of credit is set to expire in October 2027.

ACTS also has an available \$90,000,000 revolving line of credit with another financial institution. Interest on amounts outstanding on the line of credit was 5.10% at December 31, 2025. Interest is calculated monthly based on changes to the SOFR, as defined. There were no borrowings at December 31, 2025 and borrowings were \$18,968,000 at December 31, 2024, respectively. The line of credit is set to expire in June 2027.

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 is also required to meet certain financial covenants. ACTS OG includes ACTS, AMS, ARLCM, AAM and ML (ML was admitted to the Obligated Group during 2025) under the terms of the Master Trust Indenture.

#### **ACMD Obligated Group (ACMD OG)**

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

#### **TERR**

TERR's long-term indebtedness has been issued under a Master Trust Indenture, dated January 1, 2022, which secures the obligations of TERR and includes a lien on the underlying property and assignment of pledged revenues, as defined. TERR is also required to meet certain financial covenants beginning December 31, 2027.

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
<b><u>ACTS OG</u></b>		
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2025A. The interest rate is 5% and principal matures in varying amounts from 2037 through 2055.	\$ 100,170	\$ -
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2025B. The interest rate is 5% and principal matures in varying amounts from 2037 through 2055.	62,930	-
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	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	58,215
Taxable Term Loan dated December 15, 2023. The interest rate is 6.23% and resets in December 2026. Principal is anticipated to mature in varying amounts through March 2043. However, the Company must request an extension of the maturity date (December 2026) to formally extend the loan. The maturity date will be considered extended only if the bank provides written notice of the extension.	25,908	26,868
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.	47,460	61,905
Public Finance Authority Retirement Communities Revenue Bonds Series 2019A. The interest rate is 5% and principal matures in varying amounts through 2049.	23,635	23,710

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 2.69% and principal matures in varying amounts through 2039.	\$ 18,560	\$ 19,635
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.	15,272	15,853
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
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 4.3% and resets in June 2032. Principal matures in varying amounts from 2037 through 2040.	32,065	32,065
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.	77,965	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 2026. Principal matures in varying amounts through 2037.	36,955	39,370

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Gainesville and Hall County Development Authority (GA) Senior Living Facility Variable Rate Demand Revenue Bonds Series 2003B. The interest rate was 3.06% at December 31, 2025 and principal matures in varying amounts through 2033. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	\$ 20,940	\$ 22,345
Escambia County Health Facilities Authority (FL) Healthcare Facilities Variable Rate Revenue Refunding Bonds Series 2003B. The interest rate was 3.06% at December 31, 2025 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	8,650	10,620
Montgomery County Industrial Development Authority (PA) Retirement Community Variable Rate Demand Revenue Bonds Series 2002. The interest rate was 3.06% at December 31, 2025 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	5,185	6,045
Pinellas County Health Facilities Authority Health Care Facilities Refunding and Revenue Bonds Series 2021, refinanced in 2025.	-	21,005
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2018E, refinanced in 2025.	-	31,615
Total ACTS OG	<u>872,920</u>	<u>786,296</u>
<b><u>ACMD OG</u></b>		
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.	18,325	19,400
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.	4,330	6,395
Total ACMD OG	<u>109,765</u>	<u>112,905</u>
<b><u>TERR</u></b>		
Alachua County Health Facilities Authority Health Care Facilities Refunding Revenue Bonds Series 2022A. The interest rate is 5% and principal matures in varying amounts from 2033 through 2061.	83,600	83,600
Total	1,066,285	982,801
Bond premiums and discounts, net	65,557	65,278
Fair value adjustment, TERR	(23,078)	(23,959)
Unamortized deferred financing costs	(8,938)	(8,298)
Total long-term indebtedness	<u>\$ 1,099,826</u>	<u>\$ 1,015,822</u>

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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 four-year repayment term.

During 2025, ACTS OG completed financing transactions through the issuance of two series of revenue bonds to provide for overall debt service savings, while also establishing a project fund for certain capital projects in the Pennsylvania and Florida CCRCs. The bond proceeds were primarily used to refinance \$31,615,000 Montgomery County Industrial Development Authority (PA), Retirement Communities Revenue Bonds, Series 2018E; refinance \$21,005,000 Pinellas County Health Facilities Authority Health Care Facilities, Refunding and Revenue Bonds, Series 2021 (the Series 2021 Bonds); refinance \$25,000,000 of the outstanding borrowings on the lines of credit described in Note 8 on a long-term basis; and provide a source of funds for \$90,000,000 in project funds. In conjunction with this transaction, the Company recorded a loss on early extinguishment of debt that is included in the 2025 consolidated statements of operations and changes in net assets. The loss was \$1,437,000 and consisted of \$177,000 in unamortized deferred financing costs and a \$1,260,000 redemption premium for the Series 2021 Bonds.

Scheduled principal repayments on long-term indebtedness outstanding as of December 31, 2025 are as follows (in thousands):

Years ending December 31:		
2026	\$	27,946
2027		28,961
2028		30,006
2029		34,100
2030		30,882
2031 - 2035		191,178
2036 - 2040		205,451
2041 - 2045		243,700
2046 - 2050		160,941
2051 - 2055		81,180
2056 - 2060		21,550
2061		10,390
		<hr/>
Total	\$	<u>1,066,285</u>

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### 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 on investments and investment contracts. The change in fair value was \$(248,000) in 2025 and \$855,000 in 2024.

At December 31, 2025, the Company had the following interest rate swaps in effect:

<u>Debt Series</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Accumulated Unrealized Loss</u>
Series 2002 (PA)	\$ 5,185,000	2029	3.64 %	\$ 179,000
Series 2003B (GA)	20,940,000	2033	3.54	1,124,000
Series 2003B (FL)	8,650,000	2029	3.35	198,000

The fair value of ACTS OG's interest rate swap agreements was \$(1,501,000) and \$(1,253,000) at December 31, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
	<u>(In Thousands)</u>	
Financial assistance to residents	\$ 15,488	\$ 15,245
Purchase of property and equipment	4,885	4,774
Resident services	626	648
Other	9,717	8,329
Restricted in perpetuity	10,283	10,283
Total net assets with donor restrictions	<u>\$ 40,999</u>	<u>\$ 39,279</u>

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.

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### 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:

	<b>2025</b>			<b>Total</b>
	<b>Residential Living</b>	<b>Assisted Living</b>	<b>Skilled Care</b>	
	(In Thousands)			
Private pay	\$ 406,585	\$ 71,034	\$ 63,553	\$ 541,172
Medicare and other	3,172	19	52,505	55,696
Medicaid	-	-	7,589	7,589
<b>Total resident services revenues</b>	<b>\$ 409,757</b>	<b>\$ 71,053</b>	<b>\$ 123,647</b>	<b>\$ 604,457</b>
Amortization of nonrefundable entrance fees				<u>\$ 174,731</u>
	<b>2024</b>			
	<b>Residential Living</b>	<b>Assisted Living</b>	<b>Skilled Care</b>	<b>Total</b>
	(In Thousands)			
Private pay	\$ 378,705	\$ 63,547	\$ 60,423	\$ 502,675
Medicare and other	3,606	3	43,457	47,066
Medicaid	-	-	8,387	8,387
<b>Total resident services revenues</b>	<b>\$ 382,311</b>	<b>\$ 63,550</b>	<b>\$ 112,267</b>	<b>\$ 558,128</b>
Amortization of nonrefundable entrance fees				<u>\$ 152,461</u>

### 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 \$6,350,000 in 2025 and \$5,952,000 in 2024.

### 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.

## **ACTS Retirement-Life Communities, Inc. and Subsidiaries**

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Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### **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 \$25,810,000 as of December 31, 2025.

#### **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**

ARLCM and AMS (collectively, Manager) entered into a Management, Marketing and Development Agreements (the Agreement) with ACTS, ACMD, ML and TERR, which are automatically renewable for one year on each anniversary date. Management fees are equal to 3% to 4.5% of gross revenues, plus any out-of-pocket expenses. Marketing fees are equal to 3% to 4.5% of gross entrance fee proceeds, plus any out-of-pocket expenses. Development fees are equal to 4% of project costs for qualified capital projects. Manager is also reimbursed for the costs related to certain key employees. Manager has a management agreement with ALF, which is automatically renewable for one year on each anniversary date. Management fees are equal to 5% of gross program receipts (excluding investment income), plus any out-of-pocket expenses. Total fees incurred under the Agreements were \$61,262,000 in 2025 and \$57,758,000 in 2024. 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. Premiums paid in connection with these programs were \$40,737,000 in 2025 and \$32,953,000 in 2024.

At December 31, 2025 and 2024, the Company had net balances due to ARLCM and AAM of \$35,161,000 and \$26,794,000, respectively. These amounts are included in the consolidated balance sheets as due to affiliated organizations and are intended to be settled currently in the normal course of business.

## ACTS Retirement-Life Communities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### 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 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 2025 and 2024:

	2025		
	Program Services	General and Administrative	Total
	(In Thousands)		
Salaries, wages and benefits	\$ 347,841	\$ 18,685	\$ 366,526
Contracted services	84,272	15,118	99,390
Utilities	38,492	-	38,492
Food	30,247	1,043	31,290
Supplies	21,426	9,198	30,624
Real estate taxes	15,609	106	15,715
Insurance	12,302	308	12,610
Other	13,001	13,140	26,141
Depreciation and amortization	107,542	9,309	116,851
Interest, net	43,258	-	43,258
Total	\$ 713,990	\$ 66,907	\$ 780,897

  

	2024		
	Program Services	General and Administrative	Total
	(In Thousands)		
Salaries, wages and benefits	\$ 327,682	\$ 16,169	\$ 343,851
Contracted services	84,040	13,442	97,482
Utilities	34,303	-	34,303
Food	28,722	971	29,693
Supplies	20,961	8,681	29,642
Real estate taxes	13,415	862	14,277
Insurance	12,174	7	12,181
Other	12,578	13,218	25,796
Depreciation and amortization	99,713	7,400	107,113
Interest, net	39,449	-	39,449
Total	\$ 673,037	\$ 60,750	\$ 733,787

### 18. Subsequent Event

On January 1, 2026, the construction division of AADC was transferred into ACS. ACS will provide construction services and AADC will continue to engage in acquisition and development related activity on behalf of ACTS and the Affiliates.

**ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Consolidating Balance Sheet Schedule

December 31, 2025

(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Acts Communities of Maryland, Inc.	Mease Life, Inc.	Bonita Springs Retirement Village, Inc.	ACTS Legacy Foundation, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
<b>Assets</b>								
Cash and cash equivalents	\$ 18,648	\$ 7,375	\$ 4,141	\$ 946	\$ 84	\$ 315	\$ -	\$ 31,509
Investments	485,201	29,423	5,865	15,464	35,954	-	(30,464)	541,443
Accounts receivable, entrance fee receivables and other receivables, net	18,266	2,919	1,774	778	-	4,478	-	28,215
Prepaid expenses, inventory and deposits	10,720	1,373	574	202	-	19	-	12,888
Property and equipment, net	1,726,945	222,658	67,479	108,776	-	-	-	2,125,858
Goodwill	4,926	104,538	-	7,644	-	-	-	117,108
Deferred costs, net	14,254	2,120	477	801	-	-	-	17,652
Due from affiliated organizations	(8,348)	-	(296)	-	-	-	8,644	-
<b>Total assets</b>	<b>\$ 2,270,612</b>	<b>\$ 370,406</b>	<b>\$ 80,014</b>	<b>\$ 134,611</b>	<b>\$ 36,038</b>	<b>\$ 4,812</b>	<b>\$ (21,820)</b>	<b>\$ 2,874,673</b>
<b>Liabilities and Net Assets (Deficit)</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 68,963	\$ 11,296	\$ 3,294	\$ 3,212	\$ -	\$ 2,947	\$ -	\$ 89,712
Resident monthly fees paid in advance	-	2,919	-	-	-	-	-	2,919
Short-term indebtedness	24,003	-	-	-	-	-	-	24,003
Long-term indebtedness	894,037	125,988	19,279	60,522	-	-	-	1,099,826
Charitable gift annuity obligations	-	116	-	-	2,315	-	-	2,431
Entrance fee deposits	12,871	1,494	392	406	-	-	-	15,163
Refundable portion of entrance fees	6,403	38,183	-	41,592	-	-	-	86,178
Deferred revenue from entrance fees	1,093,964	132,834	15,319	31,325	-	-	-	1,273,442
Accumulated loss on investment contracts	1,501	-	-	-	-	-	-	1,501
Due to affiliated organizations	-	20,749	-	741	3,262	1,765	8,644	35,161
<b>Total liabilities</b>	<b>2,101,742</b>	<b>333,579</b>	<b>38,284</b>	<b>137,798</b>	<b>5,577</b>	<b>4,712</b>	<b>8,644</b>	<b>2,630,336</b>
<b>Net Assets (Deficit)</b>								
Without donor restrictions	141,540	23,666	41,593	(3,561)	-	100	-	203,338
With donor restrictions	27,330	13,161	137	374	30,461	-	(30,464)	40,999
<b>Total net assets (deficit)</b>	<b>168,870</b>	<b>36,827</b>	<b>41,730</b>	<b>(3,187)</b>	<b>30,461</b>	<b>100</b>	<b>(30,464)</b>	<b>244,337</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 2,270,612</b>	<b>\$ 370,406</b>	<b>\$ 80,014</b>	<b>\$ 134,611</b>	<b>\$ 36,038</b>	<b>\$ 4,812</b>	<b>\$ (21,820)</b>	<b>\$ 2,874,673</b>

**ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Consolidating Statement of Operations and Changes in Net Assets (Deficit) Schedule

Year Ended December 31, 2025

(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Acts Communities of Maryland, Inc.	Mease Life, Inc.	Bonita Springs Retirement Village, Inc.	ACTS Legacy Foundation, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
<b>Operating Revenue</b>								
Resident services revenues, net of amortization of entrance fees	\$ 437,465	\$ 68,877	\$ 17,655	\$ 17,315	\$ -	\$ -	\$ (140)	\$ 541,172
Resident services revenues from third-party payors	44,997	11,681	4,534	3,693	-	-	(1,620)	63,285
Investment income	14,020	863	291	651	-	-	-	15,825
Net assets released from restrictions to provide resident services	2,874	733	48	107	-	-	-	3,762
Other revenue	6,999	911	211	334	288	26,766	(26,785)	8,724
Total operating revenue before amortization of entrance fees	506,355	83,065	22,739	22,100	288	26,766	(28,545)	632,768
Amortization of entrance fees	149,657	20,184	1,366	3,524	-	-	-	174,731
Total operating revenue	656,012	103,249	24,105	25,624	288	26,766	(28,545)	807,499
<b>Operating Expenses</b>								
Salaries, wages and benefits	295,981	48,308	11,305	10,932	-	10,974	(10,974)	366,526
Contracted services	81,358	12,186	2,911	4,407	288	14,793	(16,553)	99,390
Utilities	29,999	5,759	1,748	986	-	6	(6)	38,492
Food	25,275	3,562	1,264	1,189	-	-	-	31,290
Supplies	24,529	4,039	875	1,181	-	339	(339)	30,624
Real estate taxes	13,498	1,368	206	643	-	-	-	15,715
Insurance	9,913	1,506	671	520	-	76	(76)	12,610
Other	20,374	3,222	1,481	1,121	-	540	(597)	26,141
Total operating expenses before depreciation, amortization and interest	500,927	79,950	20,461	20,979	288	26,728	(28,545)	620,788
Depreciation and amortization	100,316	11,032	3,101	2,402	-	-	-	116,851
Interest, net	33,553	4,452	1,073	4,180	-	-	-	43,258
Total operating expenses	634,796	95,434	24,635	27,561	288	26,728	(28,545)	780,897
Operating income (loss)	21,216	7,815	(530)	(1,937)	-	38	-	26,602

**ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Consolidating Statement of Operations and Changes in Net Assets (Deficit) Schedule (Continued)

Year Ended December 31, 2025

(In Thousands)

	ACTS Retirement-Life Communities, Inc.	Acts Communities of Maryland, Inc.	Mease Life, Inc.	Bonita Springs Retirement Village, Inc.	ACTS Legacy Foundation, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
<b>Changes in Net Assets (Deficit) Without Donor Restrictions</b>								
Operating income (loss)	\$ 21,216	\$ 7,815	\$ (530)	\$ (1,937)	\$ -	\$ 38	\$ -	\$ 26,602
Net unrealized gain (loss) on investments and investment contracts	14,647	1,143	202	(40)	-	-	-	15,952
Loss on early extinguishment of debt	(177)	-	(1,260)	-	-	-	-	(1,437)
Other valuation adjustments	(109)	(899)	-	(2,483)	-	-	-	(3,491)
Net gain (loss) on nonoperating events	462	86	(6)	1,191	-	-	(50)	1,683
Net operating income (loss)	36,039	8,145	(1,594)	(3,269)	-	38	(50)	39,309
Net assets released from restrictions to acquire property and equipment	1,279	297	-	-	-	-	-	1,576
Change in net assets (deficit) without donor restrictions	37,318	8,442	(1,594)	(3,269)	-	38	(50)	40,885
<b>Changes in Net Assets With Donor Restrictions</b>								
Contributions	1,082	354	94	28	4,421	-	(229)	5,750
Interest and dividend income	-	497	-	-	186	-	-	683
Net unrealized gain on investments	-	315	-	-	464	-	-	779
Change in split interest agreements	-	-	-	-	108	-	-	108
Net assets released from restrictions to:								
Provide resident services	(995)	(733)	(1)	(28)	(2,005)	-	-	(3,762)
Acquire property and equipment	-	(297)	-	-	(1,574)	-	295	(1,576)
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF)	1,379	-	(73)	310	-	-	(1,616)	-
Change in beneficial interest in the investments of other foundations	32	-	-	(294)	-	-	-	(262)
Change in net assets with donor restrictions	1,498	136	20	16	1,600	-	(1,550)	1,720
Change in net assets (deficit)	38,816	8,578	(1,574)	(3,253)	1,600	38	(1,600)	42,605
<b>Net Assets (Deficit), Beginning</b>	130,054	28,249	43,304	66	28,861	62	(28,864)	201,732
<b>Net Assets (Deficit), Ending</b>	\$ 168,870	\$ 36,827	\$ 41,730	\$ (3,187)	\$ 30,461	\$ 100	\$ (30,464)	\$ 244,337

**ACTS Retirement-Life Communities, Inc. and Subsidiaries**

Consolidating Statement of Cash Flows Schedule  
 Year Ended December 31, 2025  
 (In Thousands)

	ACTS Retirement-Life Communities, Inc.	Acts Communities of Maryland, Inc.	Mease Life, Inc.	Bonita Springs Retirement Village, Inc.	ACTS Legacy Foundation, Inc.	ACTS Acquisition and Development Company, LLC	Eliminations	ACTS Retirement-Life Communities, Inc. and Subsidiaries
<b>Cash Flows From Operating Activities</b>								
Change in net assets (deficit)	\$ 38,816	\$ 8,578	\$ (1,574)	\$ (3,253)	\$ 1,600	\$ 38	\$ (1,600)	\$ 42,605
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	100,316	11,032	3,101	2,402	-	-	-	116,851
Amortization of entrance fees	(149,657)	(20,184)	(1,366)	(3,524)	-	-	-	(174,731)
Other valuation adjustment	109	899	-	2,483	-	-	-	3,491
Amortization of bond discount and premium, net	(3,263)	(888)	(7)	-	-	-	-	(4,158)
Amortization of deferred financing costs	745	50	5	-	-	-	-	800
Entrance fees and deposits from non-refundable resale contracts	226,376	32,805	9,088	14,818	-	-	-	283,087
Refunds of nonrefundable entrance fees and deposits from resale contracts	(18,158)	(2,213)	(453)	(2,189)	-	-	-	(23,013)
Administrative fee included in gross entrance fees	(10,699)	(1,612)	(543)	(755)	-	-	-	(13,609)
Net realized and unrealized (gain) loss on investments	(16,003)	(1,619)	(217)	40	(464)	-	-	(18,263)
Change in fair value of investment contracts	248	-	-	-	-	-	-	248
Loss on early extinguishment of debt	177	-	-	-	-	-	-	177
Increase in deferred costs	(2,479)	(450)	(180)	(268)	-	-	-	(3,377)
Change in beneficial interest in the investments of ALF	(1,379)	-	73	(310)	-	-	1,616	-
Change in beneficial interest in the investments of other foundations	(32)	-	-	294	294	-	(294)	262
Net change in due to affiliated organizations	4,516	3,132	(1,834)	355	1,868	330	-	8,367
Changes in assets and liabilities:								
Decrease (increase) in accounts receivable and other receivables	3,304	1,088	331	720	-	(784)	-	4,659
Decrease (increase) in prepaid expenses, inventory and deposits	310	(20)	61	119	-	(16)	-	454
Increase (decrease) in accounts payable and accrued expenses and resident monthly fees paid in advance	1,154	(316)	(1,941)	142	-	413	-	(548)
Net cash provided by (used in) operating activities	174,401	30,282	4,544	11,074	3,298	(19)	(278)	223,302
<b>Cash Flows From Investing Activities</b>								
Purchase of property and equipment	(120,614)	(14,218)	(4,864)	(1,943)	-	-	-	(141,639)
(Increase) decrease in investments	(4,109)	2,234	1,336	2,216	(3,066)	-	278	(1,111)
Net cash (used in) provided by investing activities	(124,723)	(11,984)	(3,528)	273	(3,066)	-	278	(142,750)
<b>Cash Flows From Financing Activities</b>								
Entrance fees and deposits from initial sale contracts	3,063	-	-	-	-	-	-	3,063
Refunds of entrance fees and deposits from initial sale contracts	(122)	-	-	-	-	-	-	(122)
Entrance fees from refundable contracts	657	-	-	4,198	-	-	-	4,855
Refunds of refundable entrance fees	(1,564)	(11,143)	-	(12,975)	-	-	-	(25,682)
Payment of accounts payable, construction	(22,814)	(2,205)	(505)	(46)	-	-	-	(25,570)
Proceeds from short-term indebtedness	20,000	-	-	-	-	-	-	20,000
Proceeds from long-term indebtedness	91,454	-	1,790	-	-	-	-	93,244
Increase in deferred financing costs	(1,430)	-	(187)	-	-	-	-	(1,617)
Increase in charitable gift annuity obligations	-	15	-	-	340	-	-	355
Payments on charitable gift annuity obligations	-	(18)	-	-	(586)	-	-	(604)
Payments on short-term indebtedness	(27,267)	-	-	-	-	-	-	(27,267)
Payments on long-term indebtedness	(23,856)	(3,140)	(3,327)	-	-	-	-	(30,323)
Net cash provided by (used in) financing activities	38,121	(16,491)	(2,229)	(8,823)	(246)	-	-	10,332
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	87,799	1,807	(1,213)	2,524	(14)	(19)	-	90,884
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	59,035	6,371	7,693	10,200	98	334	-	83,731
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	\$ 146,834	\$ 8,178	\$ 6,480	\$ 12,724	\$ 84	\$ 315	\$ -	\$ 174,615
<b>Supplementary Disclosure of Cash Flow Information</b>								
Interest paid, net of amounts capitalized	\$ 35,542	\$ 5,301	\$ 1,809	\$ 4,180	\$ -	\$ -	\$ -	\$ 46,832
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>								
Obligations incurred for the acquisition of property and equipment	\$ 23,126	\$ 3,276	\$ 1,646	\$ 326	\$ -	\$ -	\$ -	\$ 28,374
Proceeds from long-term indebtedness used to repay long-term indebtedness	\$ 31,615	\$ -	\$ 17,678	\$ -	\$ -	\$ -	\$ -	\$ 49,293
Proceeds from long-term indebtedness used to repay short-term indebtedness	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000