



Disclosure Statement

Notice: This Disclosure Statement is for informational purposes only. Prospective residents should ascertain for themselves that the unit and contract offered meet their personal requirements. Be sure to read all documents carefully before you sign them.

The issuance of a Certificate of Registration does not constitute approval, recommendation, or endorsement of Broadmead by the Maryland Department of Aging, nor is it evidence of or attest to the accuracy and completeness of the information set forth in this Disclosure Statement.

The effective date for this annual Disclosure Statement is January 2026.

Broadmead, Inc.
13801 York Road
Cockeysville, Maryland 21030

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I. DESCRIPTION OF THE ORGANIZATIONAL STRUCTURE

Broadmead Inc. is a not-for-profit Maryland non-stock corporation. The sole member of the corporation is Friends Care, Inc., also a Maryland not-for-profit, non-stock corporation. Friends Care, Inc. is located at 13801 York Road, Cockeysville, Maryland 21030. Broadmead, Inc. is a qualified tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code. Jay D. Prince is the Chief Executive Officer, a position that he has held since October 2024.

II. DESCRIPTION OF AFFILIATION

In June 1973, the Baltimore Monthly Meeting of Friends, Stony Run appointed a committee to study the Meeting's responsibility to its aging members as well as to the aging members of the Baltimore community. Two years later the Meeting approved the principle of establishing a separate corporation to provide a lifetime care center in the Baltimore area under the guidance of the Religious Society of Friends (also known as the Quaker Movement or Friends Church). Broadmead Inc. was then established as a result. Per the bylaws of the Broadmead, Inc. Board of Trustees, at least a majority of Trustees must be members of the Religious Society of Friends at all times. The corporation is not under the control of the Religious Society of Friends, nor does the Religious Society of Friends have any financial responsibility for the corporation.

In 1997, Broadmead, Inc. was reorganized under a supporting corporation, Friends Care, Inc. which is the sole member of Broadmead, Inc. Friends Care, Inc. is also a Quaker-guided entity with at least a simple majority of its Board of Directors being members of the Religious Society of Friends appointed by the Stony Run Meeting. Friends Care, Inc. is not responsible for the financial and contractual obligations of Broadmead, Inc.

III. DESCRIPTION OF THE FACILITY

Broadmead is a Life Plan (continuing care retirement) community located at 13801 York Road, Cockeysville, MD 21030. Broadmead Inc. owns the community and the 94-acre estate on which it is located. The Hunt Valley area of Cockeysville in Baltimore County has long been known as Maryland's "horse country." Among the rolling hills are many restaurants and shopping alternatives from small boutiques to the large Hunt Valley Towne Centre. Just beyond the Towne Centre is the Oregon Ridge State Park which offers a nature center, dinner theater, and summer concerts. Just seven miles north of the Baltimore beltway, Broadmead's location allows residents easy access to Baltimore City. Many points in the city can be reached from Broadmead by bus and the light rail system.

Broadmead consists of 246 single-story, garden-style independent living residences and 52 independent living mid-rise luxury apartments. A central building (the Community Center) contains administrative offices, recreational facilities, a wellness center, 40 assisted living apartments, and a 51-bed skilled nursing facility. There are 18 independent living floor plans ranging in size from studio to two bedrooms with two bathrooms and a den. Also onsite are various buildings including the Holly House, a 250-year old farmhouse that is undergoing extensive renovations anticipated to be completed in June 2026.

IV. DESCRIPTION OF SERVICES

Broadmead is a community with an extensive array of amenities ranging from a choice of accommodations to a choice of social functions. Residents may select from a variety of floor plans. Under the independent living contracts, all residences include:

- Complete kitchen
- Wall-to-wall carpet (except in kitchen, bathroom, and entry areas where an alternative option may be used)
- Heating and air conditioning (individually controlled)
- Bathroom shower (equipped with grab bars)
- 24-hour emergency call system (in all bedrooms and bathrooms)
- Smoke detectors connected to the nurse's station and fire station
- Utilities
- Storage space
- Basic cable TV service
- Basic wireless internet connectivity

Residents have four dining venues from which to choose for their meals or snacks: the Arbor Café, Bistro, Holly Terrace, and the Magnolia Room. Each provides a variety of service options, menus, and ambiance. In addition, for those residents with contracts prior to 2016 who elect a one meal plan, a food card option is available. This option creates flexibility by allowing a fixed dollar amount for meals each month. Special dietary menus are also available if prescribed by a clinician.

Broadmead's Residence and Care Agreement provides for access to health care in the form of:¹

Included in monthly fee:²

- Assisted living care
- Memory care
- Comprehensive care

Not included in monthly fee:

- Home health care
- Outpatient medical care
- Physician on-call (24 hours-a-day, seven days-a-week)
- Hospital care
- Medical and surgical services and devices
- Rehabilitative therapy
- Professional counseling
- Preventive medical program
- Pharmacy program
- Specialists

¹ Residents are advised to review their Residence and Care Agreement to determine which services may be covered by the monthly fee/per diem rate and which services are not covered by the monthly fee/per diem rate.

² These services are not included in the Type C Residence and Care Agreement. These services are available for Type A Residence and Care Agreement clients at the current rate of a Cadbury garden home.

Residents are required to have Medicare parts A and B, part D (or its equivalent), and a Medicare supplemental policy (or its equivalent). For residents with contracts dated before 2016, a team member handles all medical billing and answers residents' related questions.

In addition to the above, all of the following are included in the monthly fee:

- Weekly housekeeping services (housekeeping every two weeks for residents with contracts dated after 2016)
- Weekly laundered bath and bed linens (laundered bath and bed linens are not available for residents with contracts dated after 2016)
- Regularly scheduled transportation for shopping
- Indoor swimming pool and whirlpool
- Regular trash collection
- Full-time maintenance and a security team providing supervision of all grounds and buildings
- Notary service at no charge
- Package receiving/delivery service
- Individually locked U.S. mailboxes
- Individual in-house message boxes

Also covered by the entrance fee and the monthly fee are all of the amenities afforded by the Broadmead Community Center to include the Auditorium where a variety of entertainment and educational programs are held; common area meeting rooms used by residents for business and social purposes; library; indoor and outdoor wellness and recreational areas; and craft areas for ceramics, art, sewing, woodworking, photography, and various other interests.

The following are also available to residents on a fee-for-service basis:

- Covered carports
- The Old and New Shop (a resident managed gift shop)
- Corner Cupboard Market
- Group trips
- Guest meals
- Meal delivery
- Laundry and dry cleaning (pickup and delivery service)
- Telephone service
- Maintenance services beyond what's included in the Residence and Care Agreement
- Grounds service of personal gardens
- Information technology/computer services
- Non-routine housekeeping services

Professional services provided onsite include:

- Beauty salon/barber shop
- Massage therapy
- Dentistry
- Podiatry
- Audiology
- Dermatology
- Neuropsychology
- Psychiatry
- Dietary consultation

The Broadmead Residents Association, through its many committees, takes the initiative in planning programs to accommodate interests of all residents. Residents may choose discussion groups, musicals, gardening, lectures, plays, bridge, exercise groups, bingo, reading in the library, meaningful volunteer activities, and more. A full-time wellness director facilitates the community's focus on overall wellness.

Broadmead's environment affords many opportunities for relaxation and enjoyment. The rolling countryside offers many walking areas including well-kept nature trails on a lovely, wooded hillside along renovated farm buildings and the stream bed of Western Run. A pickleball court provides residents with an opportunity to enjoy outdoor exercise. Indoors, residents enjoy swimming and exercising in the heated indoor pool and whirlpool. Also available within a few minutes driving time are several golf courses, both public and private. In addition, there are many public and private tennis courts a short distance from Broadmead with indoor and outdoor courts on a variety of surfaces.

Broadmead offers group transportation to events of general interest including the Hippodrome Theater, Meyerhoff Symphony Hall, Center Stage, the Lyric Opera House, and other area attractions for a nominal fee. Scheduled transportation is available for grocery shopping and visiting shopping malls at no additional charge.

V. COMPREHENSIVE & ASSISTED LIVING SERVICES

As a part of its continuum of care, Broadmead provides comprehensive and assisted living services for its residents. Broadmead has 26 assisted living apartments available on the third floor of the Community Center, and 14 assisted living rooms for residents living with a diagnosis of a neurocognitive challenge available on the second floor. There have been no recent material changes in Broadmead's assisted living program. A 51-bed comprehensive care center is also available on the second floor of the Community Center.

Nurses, nursing assistants, dietary, and housekeeping team members are specifically trained in the needs and care of older adults as they require increasing help with their activities of daily living. Team members receive initial and ongoing training in the following areas: a) fire and life safety; b) infection control; c) basic food safety; d) basic first aid; e) emergency disaster plans; f) individual job requirements as appropriate to their job responsibilities; g) the health and psychosocial needs of those being served in assisted living and comprehensive care; h) the resident assessment process; i) resident rights; j) basic CPR training; k) diversity, equity, inclusion and belonging training; and l) cueing, coaching and proper assistance techniques with activities of daily living.

A varied and comprehensive activities program provides socialization for residents who are alert as well as those with cognitive impairment. Services are structured to meet the individual needs of each resident in assisted living and comprehensive care. The safety and security of residents is paramount in these levels of care. Each room is equipped with emergency pull cords and individually keyed locks. Broadmead does not automatically provide lockers for storage but will consider any reasonable request. A campus safety officer is also on duty 24 hours a day. Team members do not enter resident rooms without knocking first except in the case of a life-threatening emergency.

For residents with contracts dated before 2016, Broadmead is responsible for the oversight and provision of all medical care when administered and/or authorized by a Broadmead clinician or other health care professional working for Broadmead. Should the resident choose to obtain medical care on their own and not via a referral from a Broadmead health care professional, they are then responsible for obtaining the appointment and handling any financial arrangements with that health care provider. Broadmead still requests receipt of any medical information as a result of the visit in order to remain informed about the resident's health. Each resident is assigned either a nurse practitioner or a clinician who monitors the resident's health status regularly and makes changes in their plan of care as needed. All essential and desired equipment, supplies, and durable medical equipment are secured by team members for residents residing within the comprehensive and assisted living areas.

Also, for residents with contracts dated before 2016, Broadmead will remain aware of their health status to ensure that their food service, social, spiritual, and special care service needs are met. In addition, services provided by the Broadmead nursing team will be offered in assisted living residences and the comprehensive care center as part of the monthly fee/per diem rate. Residents shall be responsible for engaging the services of a clinician at their own expense for consultation and treatment as needed. Residents may select their own clinician or a clinician currently affiliated with the Broadmead community as long as the clinician is licensed to practice in the State of Maryland.

If a resident requires care for a diagnosis of Alzheimer's disease, dementia, or other types of neurocognitive problems, Broadmead's team members are trained to provide this nursing care in the comprehensive care center's 14-bed assisted living Darlington neighborhood.

Items provided that are not covered by the fees paid and for which residents will be charged separately include: a) telephones; b) high rise toilet seats; c) personal care items; d) orthopedic devices; e) personal wheelchairs or other transportation equipment; f) durable medical equipment; g) hearing aids; and h) oxygen equipment. Residents are advised to review their Residence and Care Agreement to determine which services and/or items may and may not be covered by the monthly fee/per diem rate. Equipment such as transfer devices that may be used by multiple residents is made available without additional charge.

VI. RESIDENT'S GRIEVANCE POLICY

Residents are encouraged to share their concerns with Broadmead's Administration and the Broadmead Residents Association. A specific grievance procedure is available to all residents and resident representatives that allows for complaints to be submitted orally in

person, by phone, or in writing by mail or hand delivered to any of the following people or organizations: Broadmead's grievance official, director of nursing, the Maryland Department of Aging, or the Maryland Department of Health and Mental Hygiene without fear of reprisal in any form. Concerns or complaints presented to Broadmead's director of nursing not resolved to the resident's satisfaction will be referred to Broadmead's Nursing Home Administrator and then finally to Broadmead's CEO who shall further attempt to resolve the complaint. Broadmead also maintains a compliance hotline where all concerns or grievances are recorded and retained for review by appropriate parties as required by Maryland regulations. Broadmead will provide each new resident with a copy of the most recent Disclosure Statement and retain an initialed copy in the resident file to be made available to the Department of Health and Mental Hygiene as required.

Broadmead has established an internal grievance procedure to address resident grievances. A resident or group of residents collectively may submit a grievance in writing to Broadmead's CEO. Broadmead will send a written acknowledgement to the resident or group of residents within five (5) days after receiving the written grievance. Broadmead will then assign appropriate team members to investigate the grievance. A resident or group of residents who file a written grievance are entitled to a meeting with the management of Broadmead within 30 days after submitting their written grievance. Broadmead will provide a written response within 45 days after receiving the written grievance on the status of the investigation and the anticipated resolution of the grievance.

Within 30 days after Broadmead provides its response to the grievance to the resident or group of residents, the resident, the group of residents, or Broadmead may seek mediation through one of the community mediation centers within the State of Maryland or another mediation provider. If a resident, group of residents, or Broadmead seeks mediation under the preceding sentence, the mediation shall be nonbinding and Broadmead, the resident, or group of residents may be represented by counsel.

VII. FORM OF GOVERNANCE

Broadmead Inc. conducts its business in the manner of the Religious Society of Friends through a Board of Trustees that makes policy decisions by consensus. Bylaws require a minimum of nine (9) Trustees with a Quaker majority appointed by Broadmead's supporting corporation, Friends Care, Inc. There are currently 15 Trustees. Trustees select and annually evaluate the performance of Broadmead's CEO who has full responsibility for the operation of the Life Plan community. The current Chief Executive Officer is Jay D. Prince.

Two (2) residents living at Broadmead are full members of the Board of Trustees, which exceeds the current requirement of the Maryland Department of Aging of only one (1). Resident Trustees are selected according to the same general criteria used to select other members of the governing body. The Board's Committee on Trustees has the responsibility to solicit resident nominations, confer with the Broadmead Residents Association about those nominations, and refer nominations to the governing body. The governing body then forwards its approval to the Friends Care, Inc. Board of Directors to confirm the appointment of the new resident member to the Broadmead, Inc. Board of Trustees.

The Broadmead, Inc. and Friends Care, Inc. Boards conduct an annual meeting that is open to all residents at which members of the Board of Trustees and Broadmead Administration present a summary of Broadmead's operations, significant changes from the previous year, and goals and objectives for the upcoming year. Additionally, the Administration meets with residents each month in a "fireside chat" format. Broadmead, Inc.'s fireside chats satisfies the requirement set for in HSA §10-426.

The Broadmead Residents Association has committees that relate to the primary operational areas of Broadmead which are supported by members of the leadership team. Residents may become members of the Broadmead, Inc. Board's standing committees to include the Finance Committee, Healthcare Committee, along with issue-oriented ad hoc Board committees. Two representatives of the Broadmead Residents Association attend all Board meetings in addition to the two residents who serve as full members of the Board of Trustees. The Broadmead Residents Association's Finance Committee receives a full presentation of the coming fiscal year's budget prior to its approval by the Board and is encouraged to provide input. All residents of Broadmead are members of the Broadmead Residents Association which promotes the many activities of interest to residents and works with the Broadmead Administration to create and maintain an enjoyable, active, and useful community life. The business of the Broadmead Residents Association is conducted by its own Board of Directors. That board and its officers are elected by the residents along with the clerks of a variety of committees.

VIII. DESCRIPTION OF RELATED PERSONS

Members of the Board of Trustees

No Board member has: a) Been convicted of or pleaded nolo contendere to a felony charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; b) Been held liable, or enjoined by a final judgment, in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation as a fiduciary; c) Been subject to an effective injunctive or restrictive order of a court of record arising out of or relating to business activity or health care, including actions affecting a license to operate any facility or service for aging, impaired, or dependent persons; or d) Had any state or federal license or permit suspended or revoked within the past 10 years as a result of an action brought by a governmental agency arising out of or relating to business activity or health care, including actions affecting a license to operate any facility or service for aging, impaired, or dependent persons.

Jeffrey Ash, Ed.D.

Jeff is originally from Kent County, Maryland. He migrated to Towson to attend Towson University where he met his wife of over 30 years. He is the father of two children. Jeff is currently the Chief Diversity, Equity, and Inclusion Officer for the Universities at Shady Grove. He has served on the Board of Trustees at Mary Baldwin University in Staunton, Virginia, and is an accomplished author. Jeff has a Bachelor of Science in Economics and a Master of Science in Human Management, Organizational Development and Training, as well as a Doctor of Education in Urban Educational Leadership. He has no significant interest in any entity providing goods or services to the Facility.

William Breakey

Originally from Northern Ireland, Bill received his medical and psychiatric education in Belfast. He came to the United States in 1969 for a visiting appointment at The Cornell University Medical College. He retired as an Emeritus Professor in 2004. Bill is one of the founders of the Corrymeela Community in Northern Ireland, a leading force for peacemaking and reconciliation there; acting on the Board of Healthcare for the Homeless in Baltimore and on the board of the National Law Center for Homeless and Poverty. Bill had a key role in establishing Interfaith Partners for the Chesapeake, which works with faith communities to encourage and support their work in caring for the Earth. He has no significant interest in any entity providing goods or services to the Facility.

Carol Currotto

Carol is a commercial interior designer and President of Currotto Design. Her design work is primarily focused on healthcare, multifamily housing, and senior living. She is a former director of the Friends Care, Inc. Board of Directors. Carol is a mom of four, grandmother of three, and keeper of our precious pollinators, the honeybee. She has no significant interest in any entity providing goods or services to the Facility.

Jason Frank

Jason was instrumental in establishing elder law as a standalone practice area with a focus on the rights and protections of seniors and individuals with disabilities in Maryland and nationally. His expertise spans over 40+ years in policymaking, law, and advocacy. Jason is Of Counsel at Stavely and Sallitto Elder Law where he operates in an advisory capacity and continues to defend and empower seniors and individuals with disabilities across Maryland. He has no significant interest in any entity providing goods or services to the Facility.

Schelley Hollyday

With over 30 years of experience in the senior living industry with a focus on hospitality, Schelley has held senior leadership positions with two national senior services management companies. During her career, Schelley has worked with over 300 senior living communities. She is a recognized speaker and continues to conduct extensive research identifying best practices and hospitality trends. She has no significant interest in any entity providing goods or services to the Facility.

Darren Lacey

Darren is employed by Johns Hopkins where he has served as the chief information security officer for over 18 years. He is a trustee at Gunpowder Friends Meeting. Darren lives in Towson with his wife Suzanne and their two children. He has an undergraduate degree from Baylor University and a law degree from Harvard Law School. He has no significant interest in any entity providing goods or services to the Facility.

Anita Langford

Anita served as Director of Psychiatric Nursing, Director of Geriatric Nursing, Nursing Home Administrator, and Vice President of Care Management Services at Johns Hopkins Bayview Medical Center. She has served on the boards of several local, state, and national geriatric service organizations. She has a bachelor's degree in nursing and a master's degree in psychiatric nursing from the University of Maryland. Anita is a member

of Gunpowder Friends Meeting in Sparks, Maryland. She has no significant interest in any entity providing goods or services to the Facility.

Elizabeth Legenhausen

Elizabeth "Betty" Legenhausen began her professional career by teaching elementary grades in New York, Rhode Island, Maine, and Maryland. She received her B.A. from The Catholic University in D.C. After receiving a Ph.D. from Johns Hopkins University, Betty became director of Grace United Methodist Preschool and then was head of St. James Academy in Monkton. She was married to Douglas R. Legenhausen for 46 years. She has no significant interest in any entity providing goods or services to the Facility.

Cecilia Meisner

Cecilia has served as the Director of Corporate and Foundation Relations at the Johns Hopkins Bloomberg School of Public Health since 2013. She has worked as a fundraiser at a number of social justice and cultural organizations in Baltimore and Washington DC. She received her bachelor's degree from the University of Iowa and her master's degree from Johns Hopkins University. She is a member of the Gunpowder Monthly Meeting within the Baltimore Yearly Meeting-Religious Society of Friends. She has no significant interest in any entity providing goods or services to the Facility.

Dennis O'Shea

Dennis retired in 2019 as executive director of media relations and crisis communications at the Johns Hopkins University. He now volunteers for his alma mater, Williams College, and other schools and nonprofits in Baltimore and elsewhere. He earned a master's degree in journalism from Northwestern University. Before coming to Johns Hopkins, he worked for United Press International as a reporter and editor. Dennis has no significant interest in any entity providing goods or services to the Facility.

David Pruitt

David serves as director of the Division of Child and Adolescent Psychiatry and Professor of Psychiatry and Pediatrics with the University of Maryland School of Medicine in Baltimore. He attended the University of Texas School of Medicine at San Antonio; completed his residency at the University of Pennsylvania; and his fellowship with the Philadelphia Child Guidance Clinic. David is passionate about providing high quality integrated care to children, adolescents, and families. He is a member of Stony Run Meeting. David has no significant interest in any entity providing goods or services to the Facility.

Larry Reid

A native of Greensboro, North Carolina, Larry earned a B.A. in mathematics and an M.A. in education from the University of North Carolina in Chapel Hill, and an MBA from Harvard University. He is a previous director on the Friends Care, Inc. Board of Directors. Larry is an active member of Stony Run Meeting where he continues to serve in leadership positions. He has no significant interest in any entity providing goods or services to the Facility.

Stephanie Scharpf

Stephanie is the Chief Operating Officer at Jai Medical Systems. She is active with Stony Run Friends Meeting. Stephanie holds a BS from The Evergreen State College in

Olympia, Washington, and an MBA from Johns Hopkins. She has no significant interest in any entity providing goods or services to the Facility.

Rob White

Rob was born in the Lansdowne Monthly Meeting in Lansdowne, Pennsylvania. Rob received his Bachelor of Arts in English from Dickinson College and his master's in health administration from the Medical College of Virginia. He enjoyed a 40 year career in hospital and health insurance administration. He has no significant interest in any entity providing goods or services to the Facility.

Kerry Zimmerman

A native of Bowie, Maryland, Kerry applied her degree in American history and literature from Dartmouth College towards teaching at Bowie High School. This led her to assume the position of test coordinator in which she supervised all standardized testing for the school's student body of 3,000 students. Kerry spent a few years working in a retail setting and now owns her own bookkeeping business. Kerry is a member of Gunpowder Friends Meeting. She and her wife have three children and reside in Freeland, Maryland. She has no significant interest in any entity providing goods or services to the Facility.

Executive Team Members Reporting to the Board of Trustees:

Jay D. Prince

Jay was appointed by the Broadmead Board of Trustees to serve as Broadmead's President and CEO in 2024. He is a graduate of Concordia College in Moorhead, Minnesota, and holds a degree in Healthcare Management with certifications in long-term care and hospital administration. Jay is a past board chair for LeadingAge Michigan and also served as the board chair to Senior Care Resources, a clinically and financially integrated network of senior living providers focused on achieving the IHI triple aim. While a resident in Michigan, Jay volunteered his time at several local nonprofits and holds a position on the board of Consumer Credit Union, one of the nation's largest credit unions.

IX. DESCRIPTION OF ENTRANCE FEE AND SURCHARGES

The Broadmead Residence and Care Agreement is an agreement between the resident and Broadmead which details the services and amenities provided to every resident of the community. In return, the resident pays an entrance fee and a monthly fee/per diem rate. The fully declining or traditional entrance fee amortizes over a 48-month period at the rate of 2% per month. An additional 4% amortizes in the first month. Ten percent (10%) of the 90% refundable contract becomes non-refundable after 90 days. Residents are encouraged to carefully read their Residence and Care Agreement for the conditions that must be satisfied before Broadmead is required to pay the entrance fee refund. The portion of the entrance fee to be refunded after the performance date or occupancy date is not held in trust or escrow for the benefit of the resident after the performance date or occupancy date.

"If you have a long-term care insurance policy, request your advisors to review the policy and the continuing care agreement to determine whether there are potential areas of duplication or areas where benefits can be coordinated." Residents share the risks associated with services required as a result of the aging process.

Broadmead's Residence and Care Agreement dated prior to 2017 contained a clause to enable occupancy on an equal basis with other residents for those residents with a pre-existing health condition that forecasts a higher than normal need for long-term care services. This contractually described surcharge to the monthly fee is only applied when and if the resident requires permanent care in one of Broadmead's licensed care areas within the first two years of residency. Since 2017, the Residence and Care Agreement does not contain a surcharge clause in the contracts.

Under the contracts dated prior to 2016, persons between the ages of 62 and 65 who accompanied a person who was at least 65 years old were surcharged 5% per year, (or 1/12th of 5% per month) of the entrance fee for a one-bedroom residence regardless of the actual accommodation. This amount was added to the entrance fee paid by the persons entering into a double occupancy agreement. Starting in 2017, the new contracts do not have a surcharge provision.

A patio enclosure may exist or can be added to a cluster unit home. The cost for an existing patio enclosure or a newly constructed patio enclosure is added to the entrance fee for the unit. There are currently no other surcharges/additional fees to the entrance fees.

The fee schedule is shown on the following page:

Type A

Entrance Fees - Fully Declining

| | July 25- June 26 | July 24- June 25 | July 23- June 24 | July 22- June 23 | July 21- June 22 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cluster and Midrise | | | | | |
| Dalton - Studio | \$158,740 | \$151,181 | \$143,981 | \$134,562 | \$128,155 |
| Barclay - One Bedroom | \$263,546 | \$250,996 | \$239,043 | \$223,405 | \$212,767 |
| Deluxe - One Bedroom | \$362,734 | \$345,461 | \$329,010 | \$307,486 | \$292,844 |
| Ellicott - One Bedroom and Den | \$363,517 | \$346,207 | \$329,721 | \$308,150 | \$293,476 |
| Loft - One Bedroom Loft | \$493,656 | \$470,179 | \$443,481 | \$418,468 | \$398,541 |
| Penington - Two Bedroom/One Bath | \$363,517 | \$346,207 | \$329,721 | \$308,150 | \$293,476 |
| Cadbury - Two Bedroom/Two Bath | \$458,887 | \$437,035 | \$416,224 | \$388,994 | \$370,470 |
| Southwick - Cluster W - One Bedroom/Den | \$576,650 | \$549,191 | \$523,038 | \$488,821 | \$465,544 |
| Yardley-Cluster W-Two Bedroom/Two Bath | \$642,838 | \$612,227 | \$583,073 | \$544,928 | \$518,979 |
| Wakefield - Cluster R - Two Bedroom/Two Bath/Den | \$709,710 | \$675,914 | \$643,727 | \$601,614 | \$572,966 |
| Dalton II Studio | \$212,064 | \$201,966 | \$192,349 | \$179,765 | \$171,205 |
| Barclay II One Bedroom | \$363,517 | \$346,207 | \$329,721 | \$327,457 | \$311,864 |
| Ellicott II One Bedroom Den | \$488,938 | \$465,655 | \$443,481 | \$418,468 | \$398,541 |
| Peninton II One Bedroom Den | \$488,938 | \$465,655 | \$443,481 | \$418,468 | \$398,541 |
| Cadbury II Two Bedroom | \$598,670 | \$570,163 | \$543,011 | \$507,487 | \$483,321 |
| Ellis - One Bedroom Hillside Home | \$496,355 | \$472,719 | \$450,208 | \$381,532 | \$363,364 |
| Gilpin - Two Bedroom Hillside Home | \$615,525 | \$586,214 | \$558,299 | \$473,135 | \$450,604 |
| Richardson - Two Bedroom Hillside Home | \$675,492 | \$643,326 | \$612,691 | \$537,448 | \$511,855 |
| Lippincott - Two Bedroom Hillside Home | \$684,095 | \$651,519 | \$620,494 | \$579,901 | \$552,286 |
| Sherman - Two Bedroom and Study hillside Home | \$724,331 | \$689,839 | \$656,990 | \$614,009 | \$584,770 |
| Double Occupancy Rate Garden Homes | \$49,385 | \$47,033 | \$44,793 | \$41,863 | \$39,870 |
| Double Occupancy Rate Hillside Homes | \$49,385 | \$47,033 | \$44,793 | \$41,863 | \$39,870 |

Monthly Fees

| | 4.75% | 4% | 6.50% | 3% | 3% |
|--|---------|---------|---------|---------|---------|
| Cluster and Midrise | 143 | 127 | 95 | 116 | 97 |
| Dalton - Studio | \$3,948 | \$3,769 | \$3,624 | \$3,403 | \$3,288 |
| Barclay - One Bedroom | \$4,839 | \$4,620 | \$4,442 | \$4,171 | \$4,030 |
| Deluxe - One Bedroom | \$5,449 | \$5,202 | \$5,002 | \$4,697 | \$4,538 |
| Ellicott - One Bedroom and Den | \$5,880 | \$5,613 | \$5,397 | \$5,068 | \$4,896 |
| Loft - One Bedroom Loft | \$6,407 | \$6,116 | \$5,881 | \$5,522 | \$5,335 |
| Penington - Two Bedroom/One Bath | \$5,880 | \$5,613 | \$5,397 | \$5,068 | \$4,896 |
| Cadbury - Two Bedroom/Two Bath | \$6,597 | \$6,298 | \$6,056 | \$5,686 | \$5,494 |
| Southwick - Cluster W - One Bedroom/Den | \$7,295 | \$6,964 | \$6,696 | \$6,287 | \$6,074 |
| Yardley - Cluster W - Two Bedroom/Two Bath | \$7,876 | \$7,519 | \$7,230 | \$6,789 | \$6,560 |
| Wakefield - Cluster R - Two Bedroom/Two Bath/Den | \$8,473 | \$8,089 | \$7,778 | \$7,303 | \$7,056 |
| Dalton II Studio | \$4,602 | \$4,393 | \$4,224 | \$3,966 | \$3,832 |
| Barclay II One Bedroom | \$5,946 | \$5,676 | \$5,458 | \$5,125 | \$4,952 |
| Ellicott II One Bedroom Den | \$6,622 | \$6,322 | \$6,079 | \$5,708 | \$5,515 |
| Peninton II One Bedroom Den | \$6,622 | \$6,322 | \$6,079 | \$5,708 | \$5,515 |
| Cadbury II Two Bedroom | \$7,412 | \$7,076 | \$6,804 | \$6,389 | \$6,173 |
| Ellis - One Bedroom Hillside Home | \$6,256 | \$5,972 | \$5,742 | \$5,392 | \$5,210 |
| Gilpin - Two Bedroom Hillside Home | \$7,117 | \$6,794 | \$6,533 | \$6,134 | \$5,927 |
| Richardson - Two Bedroom Hillside Home | \$7,853 | \$7,497 | \$7,209 | \$6,769 | \$6,541 |
| Lippincott - Two Bedroom Hillside Home | \$7,687 | \$7,510 | \$7,221 | \$6,780 | \$6,551 |
| Sherman - Two Bedroom and Study hillside Home | \$8,189 | \$7,818 | \$7,517 | \$7,058 | \$6,820 |
| Double Occupancy Rate Garden Homes | \$2,305 | \$2,200 | \$2,115 | \$1,986 | \$1,919 |
| Double Occupancy Rate Hillside Homes | \$2,305 | \$2,200 | \$2,115 | \$1,986 | \$1,919 |

Type C

| Entrance Fees - Fully Declining | July 25-June 26 | July 24-June 25 | July 23-June 24 | July 22-June 23 | July 21-June 22 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Dalton - Studio | \$115,043 | \$108,531 | \$103,362 | \$96,600 | \$92,000 |
| Barclay - One Bedroom | \$216,560 | \$204,302 | \$194,573 | \$181,844 | \$173,185 |
| Deluxe - One Bedroom | \$311,975 | \$294,316 | \$280,301 | \$261,964 | \$249,489 |
| Ellicott - One Bedroom and Den | \$316,519 | \$298,603 | \$284,384 | \$265,779 | \$253,122 |
| Loft - One Bedroom Loft | \$438,868 | \$414,027 | \$402,423 | \$368,515 | \$350,967 |
| Penington - Two Bedroom/One Bath | \$316,519 | \$298,603 | \$284,384 | \$265,779 | \$253,122 |
| Cadbury - Two Bedroom/Two Bath | \$411,224 | \$387,947 | \$369,473 | \$345,302 | \$328,859 |
| Southwick - Cluster W - One Bedroom/Den | \$524,062 | \$494,398 | \$470,855 | \$440,051 | \$419,096 |
| Yardley - Cluster W - Two Bedroom/Two Bath | \$590,514 | \$557,089 | \$530,560 | \$495,850 | \$472,239 |
| Wakefield - Cluster R - Two Bedroom/Two Bath/Den | \$657,779 | \$620,546 | \$590,996 | \$552,333 | \$526,031 |
| Dalton II Studio | \$168,752 | \$159,200 | \$151,619 | \$141,700 | \$134,952 |
| Barclay II One Bedroom | \$316,519 | \$298,603 | \$284,384 | \$285,898 | \$272,284 |
| Ellicott II One Bedroom Den | \$447,897 | \$422,544 | \$402,423 | \$376,096 | \$358,187 |
| Peninton II One Bedroom Den | \$447,897 | \$422,544 | \$402,423 | \$376,096 | \$358,187 |
| Cadbury II Two Bedroom | \$552,341 | \$521,076 | \$496,262 | \$463,796 | \$441,711 |
| Ellis - One Bedroom Hillside Home | \$449,342 | \$423,908 | \$403,722 | \$342,137 | \$325,844 |
| Gilpin - Two Bedroom Hillside Home | \$567,393 | \$535,276 | \$509,786 | \$432,022 | \$411,450 |
| Richardson - Two Bedroom Hillside Home | \$629,763 | \$594,116 | \$565,824 | \$496,337 | \$472,702 |
| Lippincott - Two Bedroom Hillside Home | \$637,885 | \$601,778 | \$573,122 | \$535,628 | \$510,122 |
| Sherman - Two Bedroom and Study hillside Home | \$678,181 | \$639,793 | \$609,325 | \$469,463 | \$542,346 |
| Double Occupancy Rate Garden Homes | \$15,000 | \$7,839 | \$7,465 | \$6,978 | \$6,645 |
| Double Occupancy Rate Hillside Homes | \$15,000 | \$7,839 | \$7,465 | \$6,978 | \$6,645 |
| Monthly Fees | 4.75% | 4% | 6.50% | 3% | 3% |
| Dalton - Studio | \$2,718 | \$2,595 | \$2,495 | \$2,343 | \$2,264 |
| Barclay - One Bedroom | \$3,610 | \$3,446 | \$3,313 | \$3,111 | \$3,005 |
| Deluxe - One Bedroom | \$4,219 | \$4,028 | \$5,002 | \$3,638 | \$3,515 |
| Ellicott - One Bedroom and Den | \$4,652 | \$4,441 | \$4,270 | \$4,009 | \$3,873 |
| Loft - One Bedroom Loft | \$5,178 | \$4,943 | \$4,753 | \$4,463 | \$4,312 |
| Penington - Two Bedroom/One Bath | \$4,652 | \$4,441 | \$4,270 | \$4,009 | \$3,873 |
| Cadbury - Two Bedroom/Two Bath | \$5,367 | \$5,124 | \$4,927 | \$4,626 | \$4,470 |
| Southwick - Cluster W - One Bedroom/Den | \$6,065 | \$5,790 | \$5,567 | \$5,227 | \$5,050 |
| Yardley - Cluster W - Two Bedroom/Two Bath | \$6,647 | \$6,346 | \$6,102 | \$5,730 | \$5,536 |
| Wakefield-Cluster R - Two Bedroom/Two Bath/Den | \$7,243 | \$6,915 | \$6,649 | \$6,243 | \$6,032 |
| Dalton II Studio | \$3,372 | \$3,219 | \$3,095 | \$2,906 | \$2,808 |
| Barclay II One Bedroom | \$5,415 | \$4,503 | \$4,330 | \$4,066 | \$3,929 |
| Ellicott II One Bedroom Den | \$5,415 | \$5,169 | \$4,970 | \$4,667 | \$4,509 |
| Peninton II One Bedroom Den | \$5,415 | \$5,169 | \$4,970 | \$4,667 | \$4,509 |
| Cadbury II Two Bedroom | \$6,183 | \$5,903 | \$5,676 | \$5,330 | \$5,149 |
| Ellis - One Bedroom Hillside Home | \$5,109 | \$4,877 | \$4,689 | \$4,403 | \$4,254 |
| Gilpin - Two Bedroom Hillside Home | \$5,969 | \$5,698 | \$5,479 | \$5,145 | \$4,971 |
| Richardson - Two Bedroom Hillside Home | \$6,707 | \$6,403 | \$6,157 | \$5,781 | \$5,586 |
| Lippincott - Two Bedroom Hillside Home | \$6,719 | \$6,414 | \$6,167 | \$5,791 | \$5,595 |
| Sherman - Two Bedroom and Study hillside Home | \$7,043 | \$6,724 | \$6,465 | \$6,070 | \$5,864 |
| Double Occupancy Rate Garden Homes | \$1,229 | \$1,173 | \$1,128 | \$1,059 | \$1,023 |
| Double Occupancy Rate Hillside Homes | \$1,229 | \$1,173 | \$1,128 | \$1,059 | \$1,023 |

| Assisted Living | July-25 June-26 | July-24 June-25 | July-23 June-24 | July-22 June-23 | July-21 June-22 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>1986 Contract</u> | | | | | |
| Studio | \$4,689 | \$4,476 | \$4,304 | \$4,040 | \$3,904 |
| One Bedroom | \$5,629 | \$5,374 | \$5,167 | \$4,852 | \$4,688 |
| <u>2003 Contract after 3 years from Performance Date</u> | | | | | |
| <u>From Performance Date ***</u> | | | | | |
| From a Studio Apartment | \$4,689 | \$4,476 | \$4,304 | \$4,040 | \$3,904 |
| From All Other Unit Types | \$5,629 | \$5,374 | \$5,167 | \$4,852 | \$4,688 |
| *** For transitions before 3 years, refer to contract | | | | | |
| <u>2017 Type A Contract</u> | | | | | |
| Assisted Living Studio | \$5,607 | \$5,353 | \$5,147 | \$5,686 | \$5,495 |
| Memory Care | \$6,597 | \$6,298 | \$6,056 | \$5,686 | \$5,495 |
| <u>2017 Type C Contract and Direct Admissions</u> | | | | | |
| Assisted Living Level 1 per day | \$335 | \$316 | \$301 | \$281 | \$271 |
| Assisted Living Level 2 per day | \$386 | \$364 | \$347 | \$324 | \$313 |
| Assisted Living Level 3 per day | \$404 | \$381 | \$363 | \$339 | \$327 |
| <u>Comprehensive Care</u> | | | | | |
| <u>1986 Contract</u> | | | | | |
| Studio | \$4,689 | \$4,476 | \$4,304 | \$4,040 | \$3,904 |
| 2003 Contract After 3 Years from performance date | | | | | |
| <u>From Performance Date***</u> | | | | | |
| From a Studio Apartment | \$4,689 | \$4,476 | \$4,304 | \$4,040 | \$3,904 |
| From All Other Unit Types | \$5,629 | \$5,374 | \$5,167 | \$4,852 | \$4,688 |
| *** For transitions before 3 years, refer to contract | | | | | |
| <u>2017 Type A Contract</u> | | | | | |
| \$6,597 | \$6,298 | \$6,056 | \$5,686 | \$5,495 | |
| <u>2017 Type C Contract and Direct Admissions</u> | | | | | |
| Comprehensive Care-Semi Private per day | \$524 | \$476 | \$470 | \$439 | \$424 |
| Comprehensive Care-Private per day | \$540 | \$494 | N/A | \$424 | \$410 |
| <u>Other Charges</u> | | | | | |
| Carports | \$50 | \$50 | \$50 | \$50 | \$50 |
| Guest Meals - Adults | | | | | |
| Lunch | N/A | N/A | \$14 | \$14 | \$14 |
| Dinner | \$25 | \$25 | \$18 | \$18 | \$18 |
| Holiday and Sunday Brunch | \$40 | \$40 | \$30 | \$30 | \$30 |
| Guest Meals - Children | | | | | |
| Lunch | N/A | N/A | \$7 | \$7 | \$7 |
| Dinner | \$15 | \$15 | \$11 | \$11 | \$11 |
| Holiday and Sunday Brunch | \$20 | \$20 | \$16 | \$16 | \$16 |

X. DESCRIPTION OF RESERVE FUND AND SECURITY

The Investment Committee of the Broadmead, Inc. Board of Trustees adopted and has the authority to change the Strategic Asset Allocation guidelines. The Strategic Asset Allocation is reviewed by the Investment Committee no less than annually.

The portfolio is monitored by an investment consultant for adherence to the Strategic Asset Allocation targets and ranges. It is expected that market fluctuations will cause the portfolio to deviate from the Strategic Asset Allocation targets. Subject to the discretionary authority granted to the investment consultant, the investment consultant will rebalance the portfolio to keep the allocation within the Strategic Asset Allocation ranges as necessary and subject to review by the Investment Committee. Cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the fund. The cash component shall remain at 3% for liquidity purposes or higher if necessary for capital projects as directed by the Finance Committee of the Board.

The total portfolio will be constructed and maintained to provide prudent diversification regarding managers, styles, regions, sectors, and number of holdings. The portfolio will strive to have a high degree of liquidity defined as holding securities that can be transacted quickly and efficiently with minimal impact on market price. Any securities received into the fund through gifts shall be sold and the proceeds invested in accordance with investment policy guidelines unless otherwise approved by the Investment Committee.

XI. DESCRIPTION OF LONG-TERM FINANCING

Series 2018 Bond Financing

On October 18, 2018, Broadmead closed on the Series 2018 Bonds. The proceeds of the Series 2018 Bonds were used (i) to refund the Series 2010 Bond; (ii) to finance the costs of the 2018 Project; (iii) to pay interest on the portion of the Series 2018 Bonds issued to finance the 2018 Project for the period estimated to extend for 18 months following the date of their delivery; (iv) to provide for a deposit to the Debt Service Reserve Fund for the Series 2018A Bonds of an amount equal to Maximum Annual Debt Service; (v) to provide for a deposit to the Debt Service Reserve Fund for the Series 2018B Bonds of an amount equal to the greatest amount of interest payable on the Series 2018B Bonds in any year and (vi) to pay the Underwriters' compensation and other administrative, legal, financing and miscellaneous expenses related to the issuance of the Series 2018 Bonds. The Series 2018B Bonds were paid off in April 2021.

Pursuant to a master loan agreement, Broadmead grants to the Maryland Health and Higher Educational Facilities Authority (the Authority) a security interest in its receipts. The receipts include all receipts, revenues, rentals, income and other money received by or on behalf of the Corporation including revenues derived from (i) the ownership, operation or leasing of any portion of the Community (including, without limitation, the entrance fees, monthly fees and other fees payable by residents of the facility), and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made and the income therefrom to the extent that any of the foregoing is not designated for a specific purpose at the time of the making thereof by the donor thereof and is legally available to meet any of the obligations of the Corporation incurred in the financing, operation, maintenance or repair of any portion of the Community, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, investment property or other rights, and the proceeds of such rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired.

In addition, Broadmead has granted the Authority a lien on the Community under a Deed of Trust and Security Agreement from Broadmead to certain individual trustees for the benefit of the Authority (the “Deed of Trust”). The land subject to the Deed of Trust includes a portion of the site of the Community consisting of approximately 84 acres in Cockeysville, Baltimore County, Maryland. The remaining property owned by the Corporation consisting of an approximate 9.9 acre site and an approximate 1.2 acre site, both of which are adjacent to the Community, are not subject to the lien of the Deed of Trust.

Under the terms of the Series 2018 Loan Agreement, Broadmead covenants to fix, charge, and collect or cause to be fixed, charged and collected, fees, rentals, rates and charges, and to contain costs and expenses for the use of the Community at least sufficient to produce a coverage ratio as of the last day of each fiscal year that is not less than 1.20 times maximum annual debt service, subject to certain exclusions during construction or future development. Additionally, Broadmead covenants that it will maintain unrestricted cash and investments in an aggregate amount equal to 180 days cash on hand as of June 30 and December 31 of each year.

Principal maturities over the next five years and thereafter are as follows:

Year Ending June 30,

| | |
|-----------------|----------------------|
| 2026 | 1,235,000 |
| 2027 | 1,295,000 |
| 2028 | 1,360,000 |
| 2029 | 1,415,000 |
| 2030 | 1,485,000 |
| Thereafter | <u>49,765,000</u> |
| Total Principal | <u>\$ 56,555,000</u> |

OPERATING BUDGET

| COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS | FY 2026 BUDGET APPROVED | FY 2027 BUDGET PROJECTED |
|--|-------------------------------|--------------------------------|
| REVENUE | | |
| IL Residential Revenue | \$ 23,392,300 | \$ 24,445,000 |
| Health Care Revenue | 8,489,800 | 8,871,800 |
| Friends Connect Revenue | 650,000 | 676,000 |
| Amortization of Entrance Fees | 7,415,000 | 7,934,000 |
| Investment Income | 2,250,000 | 2,000,000 |
| Other Revenue | 1,046,000 | 1,077,400 |
| TOTAL REVENUES | \$ 43,243,100 | \$ 45,004,200 |
| EXPENSES | | |
| Health Care | \$ 9,360,300 | \$ 9,734,700 |
| Friends Connect | 623,100 | 650,000 |
| General and Administrative | 8,379,000 | 8,714,000 |
| Depreciation and Amortization | 7,001,446 | 7,400,000 |
| Dining Services | 6,726,900 | 6,962,300 |
| Maintenance & Utilities | 4,115,800 | 4,259,900 |
| Housekeeping & Laundry | 1,781,500 | 1,843,900 |
| Security & Transportation | 1,047,600 | 1,084,300 |
| Wellness | 870,800 | 901,300 |
| Interest | 2,539,770 | 2,460,000 |
| TOTAL EXPENSES | \$ 42,446,216 | \$ 44,010,400 |
| Excess of Revenue over Expenses | \$ 796,884 | \$ 993,800 |
| Increase in Net Assets | \$ 796,884 | \$ 993,800 |
| Unrestricted Net Assets-Beginning of the Year | \$ 66,237,420 | \$ 67,034,304 |
| Unrestricted Net Assets-End of the Year | \$ 67,034,304 | \$ 68,028,104 |

CASH FLOW STATEMENTS

| For the years ending June 30, | 2026 | 2027 | 2028 |
|--|--------------|--------------|--------------|
| <u>OPERATING ACTIVITIES</u> | | | |
| Increase unrestricted in net assets | \$ 796,884 | \$ 993,800 | \$1,050,000 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | | |
| Depreciation and amortization | 7,001,446 | 7,400,000 | 7,700,000 |
| (Increase) in accounts receivable | (25,000) | (25,000) | (25,000) |
| (Increase) in prepaid expenses and other assets | (25,000) | (25,000) | (25,000) |
| Increase in accounts payable and accrued expenses | 50,000 | 50,000 | 50,000 |
| (Decrease) in annuities payable | (10,000) | (10,000) | (10,000) |
| (Decrease) in bond interest payable | (70,000) | (75,000) | (80,000) |
| Increase in compensated absences | 60,000 | 65,000 | 70,000 |
| Proceeds from priority fee deposits | 10,000 | 10,000 | 10,000 |
| Amortization of entrance fees | (7,415,000) | (7,625,000) | (7,850,000) |
| Proceeds from entrance fees and deposits | 11,558,000 | 12,250,000 | 12,990,000 |
| Net cash provided by operating activities | 11,941,330 | 13,018,800 | 13,890,000 |
| <u>INVESTING ACTIVITIES</u> | | | |
| Purchases of Property, Plant & Equipment * | (30,200,000) | (7,500,000) | (7,750,000) |
| Decrease (Increase) in Investments and Assets Limited as to Use ** | (250,000) | (250,000) | (250,000) |
| Increase in Regulatory Operating Reserve | (250,000) | (250,000) | (250,000) |
| Net cash used in investing activities | (30,700,000) | (8,000,000) | (8,250,000) |
| <u>FINANCING ACTIVITIES</u> | | | |
| Principal Payments on Series 2018 Bonds | (1,235,000) | (1,295,000) | (1,360,000) |
| Entrance Fee Refunds | (2,500,000) | (2,300,000) | (2,100,000) |
| Net cash provided by (used in) financing activities | (3,735,000) | (3,595,000) | (3,460,000) |
| (Decrease) Increase in cash | (22,493,670) | 1,423,800 | 2,180,000 |
| Cash and cash equivalents - beginning of the year | 27,987,578 | 5,493,908 | 6,917,708 |
| Cash and cash equivalents- end of year | \$ 5,493,908 | \$ 6,917,708 | \$ 9,097,708 |

* Includes the release of board designated funds

** Includes the purchase and development of Ridgebrook properties

Note: If the Ridgebrook property is approved by the MDOA, then we plan to issue tax exempt bonds to pay for the project, including the initial purchase of the property.

Broadmead, Inc.

Financial Statements

June 30, 2025 and 2024

Broadmead, Inc.

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Trustees of
Broadmead, Inc.

Opinion

We have audited the financial statements of Broadmead, Inc. (the Corporation), which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive style with a large, flowing "B" and "T".

Philadelphia, Pennsylvania
October 2, 2025

Broadmead, Inc.**Balance Sheets**

June 30, 2025 and 2024

| | 2025 | 2024 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,401,675 | \$ 2,130,055 |
| Accounts receivable | 558,140 | 978,300 |
| Entrance fee accounts receivable | 1,905,078 | 750,104 |
| Prepaid expenses and other current assets | 623,702 | 415,233 |
| Assets whose use is limited, current | <u>2,600,629</u> | <u>2,571,983</u> |
| Total current assets | 7,089,224 | 6,845,655 |
| Assets Whose Use is Limited | 65,156,589 | 59,825,952 |
| Investments | 36,328,167 | 33,488,593 |
| Property and Equipment, Net | 115,902,165 | 115,449,890 |
| Contract Acquisition Costs, Net | <u>489,794</u> | <u>472,591</u> |
| Total assets | <u>\$ 224,965,939</u> | <u>\$ 216,082,681</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 2,222,202 | \$ 2,273,775 |
| Bond interest payable | 1,360,875 | 1,417,107 |
| Compensated absences | 529,964 | 671,971 |
| Current maturities of long-term debt | <u>1,235,000</u> | <u>1,175,000</u> |
| Total current liabilities | 5,348,041 | 5,537,853 |
| Long-Term Debt, Net | 57,131,906 | 58,445,694 |
| Deposits From Prospective Residents | 1,662,280 | 1,509,775 |
| Refundable Entrance Fees | 13,446,249 | 13,611,723 |
| Deferred Revenues From Entrance Fees | <u>57,772,946</u> | <u>56,512,322</u> |
| Total liabilities | <u>135,361,422</u> | <u>135,617,367</u> |
| Net Assets | | |
| Without donor restrictions | 66,237,420 | 58,760,750 |
| With donor restrictions | <u>23,367,097</u> | <u>21,704,584</u> |
| Total net assets | <u>89,604,517</u> | <u>80,465,314</u> |
| Total liabilities and net assets | <u>\$ 224,965,939</u> | <u>\$ 216,082,681</u> |

See notes to financial statements

Broadmead, Inc.**Statements of Operations and Changes in Net Assets**
Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|---|--------------------------|--------------------------|
| Revenues | | |
| Net resident service revenue | \$ 31,798,718 | \$ 31,137,565 |
| Amortization of entrance fees | 8,737,036 | 7,456,979 |
| Interest and dividends, net of fees | 1,646,824 | 1,034,401 |
| Other operating revenues | 1,445,853 | 975,289 |
| Contributions and bequests | 38,400 | 77,094 |
| Net assets released from restrictions used for operations | <u>674,531</u> | <u>701,288</u> |
| Total revenues | <u>44,341,362</u> | <u>41,382,616</u> |
| Expenses | | |
| Health services | 9,956,110 | 9,786,524 |
| Dining services | 6,573,028 | 6,268,712 |
| General and administrative | 9,747,404 | 8,177,805 |
| Depreciation | 7,012,213 | 6,475,847 |
| Plant operations | 3,641,451 | 3,369,331 |
| Housekeeping | 1,505,859 | 1,439,239 |
| Utilities | 1,258,622 | 883,487 |
| Interest | <u>2,616,105</u> | <u>2,792,021</u> |
| Total expenses | <u>42,310,792</u> | <u>39,192,966</u> |
| Operating gain | <u>2,030,570</u> | <u>2,189,650</u> |
| Nonoperating Income | | |
| Realized gains | 5,232,340 | 1,331,039 |
| Unrealized gains | <u>213,760</u> | <u>5,698,070</u> |
| Nonoperating income | <u>5,446,100</u> | <u>7,029,109</u> |
| Revenues in excess of expenses and change in net assets without donor restrictions | <u>7,476,670</u> | <u>9,218,759</u> |
| Changes in Net Assets With Donor Restrictions | | |
| Contributions | 143,921 | 103,529 |
| Interest and dividends, net of fees | 459,626 | 384,056 |
| Realized gains | 1,661,356 | 426,856 |
| Unrealized gains | 72,161 | 1,824,440 |
| Net assets released from restrictions used for operations | <u>(674,531)</u> | <u>(701,288)</u> |
| Change in net assets with donor restrictions | <u>1,662,533</u> | <u>2,037,593</u> |
| Change in net assets | <u>9,139,203</u> | <u>11,256,352</u> |
| Net Assets, Beginning | <u>80,465,314</u> | <u>69,208,962</u> |
| Net Assets, Ending | <u>\$ 89,604,517</u> | <u>\$ 80,465,314</u> |

See notes to financial statements

Broadmead, Inc.**Statements of Cash Flows**

Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|---|----------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 9,139,203 | \$ 11,256,352 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Net realized and unrealized gains on investments and assets whose use is limited | (7,179,617) | (9,280,405) |
| Depreciation | 7,012,213 | 6,475,847 |
| Amortization of debt issuance costs | 41,446 | 41,559 |
| Amortization of bond premium | (120,234) | (120,583) |
| Amortization of contract acquisition costs | 77,983 | 55,454 |
| Amortization of entrance fees | (8,737,036) | (7,456,979) |
| Proceeds from entrance fees | 9,109,437 | 6,817,409 |
| Restricted contributions | (143,921) | (103,529) |
| Changes in assets and liabilities: | | |
| Accounts receivable | 420,160 | (573,614) |
| Prepaid expenses and other current assets | (208,469) | 2,042 |
| Contract acquisition costs | (95,186) | 70,859 |
| Accounts payable and accrued expenses | (51,573) | (1,301,117) |
| Bond interest payable | (56,232) | (28,000) |
| Compensated absences | (142,007) | (52,016) |
| Deposits from prospective residents | 152,505 | 484,365 |
| Net cash provided by operating activities | <u>9,218,672</u> | <u>6,287,664</u> |
| Cash Flows From Investing Activities | | |
| Purchases of property and equipment | (7,464,488) | (5,405,041) |
| Net sales (purchases) of investments and assets whose use is limited | <u>21,489,957</u> | <u>(2,376,566)</u> |
| Net cash provided by (used in) investing activities | <u>14,025,469</u> | <u>(7,781,607)</u> |
| Cash Flows From Financing Activities | | |
| Repayment of long-term debt | (1,175,000) | (1,120,000) |
| Proceeds from refundable entrance fees | 1,105,200 | 3,199,431 |
| Refunds of entrance fees | (1,537,425) | (3,115,641) |
| Restricted contributions | 143,921 | 103,529 |
| Net cash used in financing activities | <u>(1,463,304)</u> | <u>(932,681)</u> |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 21,780,837 | (2,426,624) |
| Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning | <u>6,206,741</u> | <u>8,633,365</u> |
| Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending | <u>\$ 27,987,578</u> | <u>\$ 6,206,741</u> |
| Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents | | |
| Cash and cash equivalents | \$ 1,401,675 | \$ 2,130,055 |
| Restricted cash and cash equivalents included in assets whose use is limited | 26,585,903 | 4,076,686 |
| | <u>\$ 27,987,578</u> | <u>\$ 6,206,741</u> |
| Cash paid during the year for interest | <u>\$ 2,751,125</u> | <u>\$ 2,778,574</u> |

See notes to financial statements

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Broadmead, Inc. (the Corporation) is a nonprofit, Maryland nonstock corporation operating a life plan community in Cockeysville, Maryland. The Corporation also operates a Maryland Community for Life (CFL) program in collaboration with Maryland Department of Aging (MDOA). CFL is a membership-based program for Maryland residents, aged 65 and older, living in their homes.

The Corporation is supported by Friends Care, Inc. (Friends Care) (a nonprofit, Maryland nonstock corporation) whose mission is to support the development and management of a wide range of programs, services, and facilities which enhance the quality of life for a diverse population of older persons.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less.

Accounts Receivable

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through credit loss expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired. The allowance for credit losses was \$550 and \$2,856 at June 30, 2025 and 2024, respectively.

Entrance Fee Accounts Receivable

Entrance fee accounts receivable represent entrance fees that are deferred for up to one year after a resident occupies a unit. The receivables are expected to be collected during the immediate subsequent fiscal year and are included in current assets on the balance sheets. Management determined that no allowance for credit losses is necessary on entrance fee accounts receivable at June 30, 2025 and 2024.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Assets Whose Use is Limited and Investments

Assets whose use is limited primarily include assets designated by the board for specific purposes, donor-restricted funds, state operating reserves, and assets held by Trustees for long-term debt that are available for the general use and purposes of the Corporation. Assets whose use is limited and investments are measured at fair value, with the exception of the investments in the captive insurance program, which approximates fair value. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or by 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.

Investments are comprised of a variety of financial instruments held by investment advisors. The fair values reported in the balance sheets are subject to various risk, 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, it is reasonably possible that the amounts reported in the balance sheets could change materially in the near term.

Property and Equipment

Property and equipment are recorded at cost. The Corporation's policy is to capitalize all property and equipment purchased in excess of \$1,000. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows: building and improvements 10 to 40 years and furniture and equipment 5 to 20 years.

Debt Issuance Costs

Debt issuance costs represent expenses incurred in issuing bonds (underwriting, legal, consulting and other costs) through the Maryland Health and Higher Educational Facilities Authority. These costs are reported in the balance sheets as a reduction of long-term debt and are being amortized over the average life of the bonds using the straight-line method which approximates the effective interest method.

Deposits From Prospective Residents

Priority deposits are received from prospective residents entitling them to priority for the assignment of available units. Priority deposits are applied against the total entrance fee upon occupancy or are refunded to the prospective residents who withdraw from the priority deposit list.

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 restricted 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 those resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditure 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-imposed 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.

Obligation to Provide Future Service

The Corporation periodically calculates the present value of the net cost of future service and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees discounted at 5%. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded. Because no excess was calculated, no liability was recorded at June 30, 2025 and 2024.

Resident Care Services and Medical Revenues

Resident care services revenue and medical revenue are reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing resident or medical care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills the third-party payors monthly after the services are performed and residents on the first day of each month. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the community. The Corporation measures the performance obligation from admission into the community, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents. The Corporation does not believe it is required to provide additional goods or services related to that transaction. The Corporation applies the practical expedient in Accounting Standards Codification (ASC) 606, and therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy and/or implicit price concessions provided to residents. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

Broadmead, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

Contract Balances

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

The Corporation's beginning and ending contract assets and liabilities are separately presented on the balance sheets as of June 30, 2025 and 2024. Contracts assets and liabilities as of June 30, 2023 are as follows:

| | |
|--------------------------------------|---------------|
| Deferred revenues from entrance fees | \$ 58,468,497 |
|--------------------------------------|---------------|

Benevolent Care

The Corporation provides services to residents who meet certain criteria at amounts less than its cost of providing care. The Corporation maintains records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided to residents include both direct costs and estimated indirect costs, as reported by management on the Corporation's internal financial statements. The level of benevolent care provided by the Corporation, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately \$168,000 in 2025 and \$237,000 in 2024.

Entrance Fees

Under entrance fee plans for independent living units, the Corporation receives payments in advance, subject to the terms and conditions of Residence and Care Agreements (the Agreements). Residents may select either a refundable plan or a nonrefundable (declining) plan. Residents may also select either a life care services (Type A) or a fee-for-service (Type-C) contract. Residents with a life care services contract continue to pay the independent living monthly fee while receiving assisted living or skilled nursing services. Fee-for-service residents pay the current per diem rate for assisted living or skilled nursing services.

The refundable plan has a guaranteed refund component, which is either 90% or 50% of the entrance fee paid. Under the nonrefundable plan, refunds are generally contractually refundable over a period that expires over 48 months: 6% in the first month of occupancy and 2% per month thereafter. Refunds of entrance fees generally are not subject to re-occupancy requirements.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees in the balance sheets. The balance of entrance fees received is classified as deferred revenues from entrance fees in the balance sheets. For residents with life care contracts, the deferred revenues are amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents. For residents with fee-for-service contracts, the deferred revenues are amortized to income using the straight-line method over the annually adjusted estimated remaining time in the residential living unit. These amortization periods for revenue recognition approximate the period of time that goods and services under the Agreements are expected to be transferred to residents and the Corporation's performance obligation to the residents is satisfied.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

The contractual refund obligations under the Agreements approximated \$28,754,000 and \$28,362,000 as of June 30, 2025 and 2024, respectively.

Amortization of entrance fees was \$8,737,036 in 2025 and \$7,456,979 in 2024. A significant portion of amortization revenue in 2025 and 2024 was included in deferred revenues from entrance fees as of the beginning of each year.

Contract Acquisition Costs, Net

Contract acquisition costs, net include incremental costs of obtaining Agreements that would not have been incurred if the Agreements were not obtained and are recorded at cost. Contract acquisition costs are amortized over the estimate life expectancy of the residents using the straight-line method, which approximates the period of time that goods and services are expected to be transferred to residents.

Revenues in Excess of Expenses

The statements of operations and changes in net assets includes the determination of revenues in excess of expenses. Changes in net assets without donor-restrictions which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include donor-restricted items (including contributions and investment return on donor-restricted investments).

Income Taxes

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

Reclassification

Certain reclassifications have been made to the 2024 financial statements to conform to the presentation used in 2025.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through October 2, 2025, the date the financial statements were issued.

2. Resident Care Services, Medical Revenues and Amortization of Entrance Fees

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Resident care services, medical revenues, and amortization of entrance fees consist of the following for the years ended June 30:

| | 2025 | | | | |
|-------------------------------|-----------------|-----------------|--------------------|---------------------|---------------|
| | Skilled Nursing | Assisted Living | Independent Living | Ancillary and Other | Total |
| Self-pay | \$ 1,920,697 | \$ 2,807,468 | \$ 22,567,883 | \$ - | \$ 27,296,048 |
| Medicare and managed care | 3,442,663 | - | - | - | 3,442,663 |
| Medicaid | 391,328 | - | - | - | 391,328 |
| Other | - | - | - | 668,679 | 668,679 |
| Amortization of entrance fees | - | - | 8,737,036 | - | 8,737,036 |
| Total | \$ 5,754,688 | \$ 2,807,468 | \$ 31,304,919 | \$ 668,679 | \$ 40,535,754 |

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

| | 2024 | | | | |
|-------------------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| | Skillled Nursing | Assisted Living | Independent Living | Ancillary and Other | |
| | | | | Total | |
| Self-pay | \$ 2,467,904 | \$ 2,631,759 | \$ 21,983,457 | \$ - | \$ 27,083,120 |
| Medicare and managed care | 3,170,255 | - | - | - | 3,170,255 |
| Medicaid | 38,982 | - | - | - | 38,982 |
| Other | - | - | - | 845,208 | 845,208 |
| Amortization of entrance fees | - | - | 7,456,979 | - | 7,456,979 |
| Total | \$ 5,677,141 | \$ 2,631,759 | \$ 29,440,436 | \$ 845,208 | \$ 38,594,544 |

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors follows:

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

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Corporation's clinical assessment of its residents. The Corporation is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare programs.

The Corporation also has entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Corporation under these agreements includes prospectively determined rates per day or discounts from established charges.

Medical Revenue - Medical revenue under third-party payor agreements is subject to audit and retroactive adjustment. Third-party payor settlements are recognized in the year the retroactive settlement is received. Differences between the estimated amounts accrued and interim and final settlements are reported in the statements of operations and changes in net assets in the year of settlement. All medical revenue is composed of skilled nursing.

Medical revenue is reimbursed under a fee for services methodology and revenue is recognized over time.

3. Liquidity and Availability

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

| | 2025 | 2024 |
|--------------------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 1,401,675 | \$ 2,130,055 |
| Accounts receivable | 558,140 | 978,300 |
| Entrance fee accounts receivable | 1,905,078 | 750,104 |
| Assets whose use is limited, current | 2,600,629 | 2,571,963 |
| Investments | 36,328,167 | 33,488,593 |
| Total financial assets | \$ 42,793,689 | \$ 39,919,015 |

Broadmead, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

The Corporation has assets whose use is limited for board-restricted purposes and bond funds. These assets limited to use are not available for general expenditure within the next year and are not reflected in the amounts above. However, the board-designated amounts could be made available, if necessary. As disclosed in Note 4, the Corporation designated a portion of its assets whose use is limited "reserved" to comply with the requirements of The Maryland Department of Aging and are not reflected in amounts above. Although the Corporation does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as reserves could be made available as necessary.

The current portion of assets whose use is limited is available for bond principal and interest payments and therefore are included in the table above.

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Corporation invests excess cash in investments.

4. Assets Whose Use is Limited and Investments

Investments and assets whose use is limited consist of the following as of June 30:

| | 2025 | 2024 |
|---|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 26,585,903 | \$ 4,076,686 |
| Fixed income securities | 24,796,621 | 15,377,641 |
| Equity securities | 26,468,873 | 31,689,304 |
| Mutual funds | 11,746,679 | 30,850,289 |
| Alternative investments | <u>14,220,629</u> | <u>13,661,108</u> |
| Total | 103,818,705 | 95,664,028 |
| Captive insurance programs | <u>266,680</u> | <u>222,480</u> |
| Investments and assets whose use is limited | <u>\$ 104,085,385</u> | <u>\$ 95,886,508</u> |

Assets limited as to use are held for the following purposes:

| | 2025 | 2024 |
|------------------------|--------------------------|--------------------------|
| Donor-restricted funds | \$ 23,367,097 | \$ 21,704,564 |
| By board designation: | | |
| Reserve funds | 36,687,217 | 33,287,036 |
| Other | 944,048 | 815,870 |
| Bond funds | <u>6,758,856</u> | <u>6,590,445</u> |
| Total | <u>\$ 67,757,218</u> | <u>\$ 62,397,915</u> |

Required Operating Reserves

The Maryland Department of Aging requires that Continuing Care Retirement Communities maintain an operating reserve equal to 25% of the previous fiscal year's net operating expenses as defined by the law. As of June 30, 2025 and 2024, the Corporation has fully funded this requirement. The required operating reserve is included in the cash and marketable securities of the Reserve Funds which have fair market values of \$36,687,217 and \$33,287,036 as of June 30, 2025 and 2024, respectively.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Operating reserve requirement is calculated as follows based on the previous fiscal year's operating expenses for the years ended June 30:

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Operating expenses | \$ 39,192,966 | \$ 36,636,409 |
| Less: | | |
| Depreciation | 6,475,847 | 5,976,565 |
| Interest | 2,792,021 | 2,293,636 |
| Net operating expenses | <u>\$ 29,925,098</u> | <u>\$ 28,366,208</u> |
| Operating reserve (25% of net operating expenses) | <u>\$ 7,481,275</u> | <u>\$ 7,091,552</u> |

5. Property and Equipment

Property and equipment consist of the following for the years ended June 30:

| | 2025 | 2024 |
|-------------------------------|-----------------------|-----------------------|
| Land | \$ 1,590,974 | \$ 1,590,974 |
| Building and improvements | 171,000,615 | 165,494,961 |
| Furniture and equipment | 19,254,555 | 19,220,637 |
| Total | 191,846,144 | 186,306,572 |
| Less accumulated depreciation | <u>(77,858,834)</u> | <u>(72,230,132)</u> |
| Total | 113,987,310 | 114,076,440 |
| Construction-in-progress | <u>1,914,855</u> | <u>1,373,450</u> |
| Property and equipment, net | <u>\$ 115,902,165</u> | <u>\$ 115,449,890</u> |

The Corporation has entered into construction contracts for renovations with estimated completion costs of approximately \$785,000 for year ended June 30, 2025.

6. Long-Term Debt

On October 4, 2018, the Corporation entered into a financing agreement with Maryland Health and Higher Educational Facilities Authority (MHHEFA), to finance expansion and renovation of the Corporation's facilities and to refund the Series 2010 Revenue Bonds in the amount of \$75,555,000 (\$60,555,000 Series 2018A and \$15,000,000 Series 2018B). During the year ended June 30, 2021, the Series 2018B Bonds were paid in full. The MHHEFA has a security interest in the receipts of the Corporation. The receipts include all receipts, revenues, rentals, income and other money received by or on behalf of the Corporation. The Corporation is also required to meet certain financial and operational covenants under the 2022 bond agreements. The Series 2018A Bonds shall bear interest at rates between 4.00% and 5.00%. Series 2018A interest shall be calculated on the basis of a 360-day year payable on semi-annually thereafter on July 1 and January 1 of each year.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Long-term debt consists of the following as of June 30:

| | 2025 | 2024 |
|---|---------------|---------------|
| Series 2018A Bonds | \$ 56,555,000 | \$ 57,730,000 |
| Plus bond premium, net | 2,765,048 | 2,885,280 |
| Less unamortized debt issuance costs | (953,140) | (994,586) |
| Total long-term debt, net | 58,366,906 | 59,620,694 |
| Less current portion | (1,235,000) | (1,175,000) |
| Total long-term debt, less current maturities | \$ 57,131,906 | \$ 58,445,694 |

As of June 30, 2025, principal maturities over the next five years and thereafter are as follows:

| Years ending June 30: | |
|-----------------------|---------------|
| 2026 | \$ 1,235,000 |
| 2027 | 1,295,000 |
| 2028 | 1,360,000 |
| 2029 | 1,415,000 |
| 2030 | 1,485,000 |
| Thereafter | 49,765,000 |
| Total | \$ 56,555,000 |

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at June 30:

| | 2025 | 2024 |
|--|---------------|---------------|
| With donor restrictions temporary in nature: | | |
| Broadmead Residents' Assistance Fund | \$ 12,977,048 | \$ 11,911,641 |
| Gabriele Bruck Special Needs Fund | 4,168,808 | 3,601,282 |
| John A. Boynton Scholarship Assistance Fund | 552,132 | 634,600 |
| Nursing Assistance Fund | 401,877 | 364,332 |
| Taylor Fund | 328,061 | 297,384 |
| Compton Fund | 230,680 | 200,401 |
| Walking Trail Fund | 284,051 | 261,693 |
| Staff Assistance Fund | 169,283 | 154,958 |
| Hallowell Fund | 180,274 | 159,547 |
| Homewood Friends Meeting Fund | 50,413 | 57,054 |
| Holly House Fund | - | 36,147 |
| Arts Council | 84,682 | 79,760 |
| Tree Maintenance Fund | 6,081 | 29,763 |
| Other | 93,470 | 75,785 |
| Total | \$ 19,526,880 | \$ 17,864,327 |
| With donor restrictions held in perpetuity: | | |
| Gabriele Bruck Special Needs Fund | \$ 3,731,103 | \$ 3,731,103 |
| Guyton Fund for Trees and Plants | 109,134 | 109,134 |
| Total | \$ 3,840,237 | \$ 3,840,237 |

The Corporation released approximately \$675,000 and \$701,000 for the years ended June 30, 2025 and 2024, respectively. These funds were utilized based on the intended use of the fund in which it was released.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

8. Employee Benefit Plan

A defined contribution plan is available for all eligible employees of the Corporation (the Plan). Employees who have completed 90 days of service and attained the age of 21 are eligible to participate in the Plan. The Plan allows the Corporation to make matching contributions to each eligible participant in an amount equal to 100% of the first 3% of eligible compensation and 50% of the next 2% of eligible compensation. Additionally, discretionary contributions may be made. Contributions totaled \$334,349 and \$327,742 for the years ended June 30, 2025 and 2024, respectively.

9. Functional Expenses

The Corporation provides housing, healthcare and other related services to residents within its geographic location. The 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 interest, are allocated to a function based on square footage.

Expenses relating to providing these services are as follows:

| | 2025 | | | |
|----------------------------------|--------------------------|----------------------------|-------------|---------------|
| | Continuing Care Expenses | General and Administrative | Fundraising | Total |
| Wages | \$ 13,654,370 | \$ 2,688,581 | \$ 202,054 | \$ 16,545,005 |
| Payroll taxes | 1,024,217 | 177,147 | 13,541 | 1,214,905 |
| Legal | - | 248,401 | - | 248,401 |
| Accounting fees | - | 65,005 | - | 65,005 |
| Consulting services | 132,935 | 94,817 | - | 227,752 |
| Office expense | 2,236 | 41,144 | 975 | 44,355 |
| Occupancy | 1,132,760 | 125,862 | - | 1,258,622 |
| Property and liability insurance | 439,406 | 48,525 | - | 487,931 |
| Repairs and maintenance | 855,582 | - | - | 855,582 |
| Travel | 26,381 | 67,714 | - | 94,095 |
| Interest expense | 2,317,194 | 298,912 | - | 2,616,106 |
| Depreciation | 6,311,505 | 700,708 | - | 7,012,213 |
| Supplies and other | 2,109,220 | 4,753,874 | 144 | 6,863,238 |
| Property tax | 456,792 | 50,755 | - | 507,547 |
| Information technology | 773,230 | 600,992 | - | 1,374,222 |
| Advertising | 18,421 | 307,982 | - | 326,403 |
| Other employee benefits | 1,836,192 | 398,655 | 216 | 2,235,063 |
| Retirement expense | 250,116 | 77,949 | 6,282 | 334,347 |
| Total | \$ 31,340,557 | \$ 10,747,023 | \$ 223,212 | \$ 42,310,792 |

Broadmead, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

| | 2024 | | | |
|----------------------------------|--------------------------|----------------------------|-------------------|----------------------|
| | Continuing Care Expenses | General and Administrative | Fundraising | Total |
| Wages | \$ 13,620,992 | \$ 1,830,482 | \$ 163,176 | \$ 15,614,650 |
| Payroll taxes | 980,616 | 183,902 | 9,947 | 1,154,465 |
| Legal | - | 82,501 | - | 82,501 |
| Accounting fees | - | 100,023 | - | 100,023 |
| Consulting services | 111,161 | 210,435 | - | 321,596 |
| Office expense | 5,471 | 63,709 | - | 69,180 |
| Occupancy | 795,140 | 88,349 | - | 883,489 |
| Property and liability insurance | 610,819 | 79,335 | - | 690,154 |
| Repairs and maintenance | 834,629 | - | - | 834,629 |
| Travel | 23,061 | 52,094 | - | 75,155 |
| Interest expense | 2,475,415 | 316,606 | - | 2,792,021 |
| Depreciation | 5,828,302 | 647,545 | - | 6,475,847 |
| Supplies and other | 2,076,627 | 3,972,226 | 50 | 6,048,903 |
| Property tax | 460,241 | 51,138 | - | 511,379 |
| Information technology | 437,556 | 770,824 | - | 1,208,380 |
| Advertising | 29,911 | 284,233 | - | 314,144 |
| Other employee benefits | 1,350,646 | 338,062 | 6,208 | 1,694,916 |
| Retirement expense | 251,042 | 70,492 | - | 321,534 |
| Total | \$ 29,871,629 | \$ 9,141,956 | \$ 179,381 | \$ 39,192,966 |

10. General and Professional Insurance Liability Captive Program

The Corporation participates in a captive risk retention group formed under the Federal Liability Risk Retention Group Act which is administered by Peace Church Risk Retention Group (PCRRG) (a reciprocal) for general and professional liability and excess liability insurance. Effective December 28, 2007, PCRRG converted from a stock insurance company to a reciprocal insurance exchange under the laws of the state of Vermont. The shares of stock in PCRRG were converted to a subscriber interest in the PCRRG Reciprocal. The subscriber's interest totals \$187,580 for the years ended June 30, 2025 and 2024.

Primary insurance is provided by PCRRG and reinsured through Caring Communities, a reciprocal Risk Retention Group (CCrRRG). CCrRRG is an incorporated insurance company domiciled in Washington, D.C. PCRRG is a member of CCrRRG along with other insureds. PCRRG cedes reinsurance premiums to CCrRRG and shares risk on an excess of loss basis. CCrRRG's exposure is limited to an aggregate equal to 350% of the premium ceded.

11. Self-Insured Health Insurance Captive Program

The Corporation offers a self-insured health insurance plan for all eligible employees (the Plan). The Corporation previously administered the plan with Peace Church Health Insurance Program (PCHIP), but as of October 2023 the Corporation exited the PCHIP health plan and joined self-insured health group with Perato Health. Under the terms of the new plan, the Corporation is responsible for the first \$70,000 covered medical expenses per covered plan member. Cost in excess of the first \$70,000 are covered by a specific stop loss policy maintained by the Corporation. The subscriber's interest is recorded totals \$79,100 and \$34,900 for the years ended June 30, 2025 and 2024. The Corporation maintains aggregated reinsurance coverage to limit the total annual claim exposure for each plan. The Corporation maintained \$1,504,561 and \$1,300,831 as of June 30, 2025 and 2024, respectively. This represents the minimum amounts the Corporation would be responsible for paying before aggregate stop loss reimbursements become applicable.

Self-Insurance costs are accrued based on claims reported as of the balance sheets date as well as an estimated liability for claims incurred but not reported (IBNR). The total accrual for self-insurance costs is \$129,070 and \$151,259 as of June 30, 2025 and 2024, respectively, which is included in accounts payable and accrued expenses in the balance sheets.

12. Endowment Fund

Interpretation of Relevant Law

The Corporation has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary to retain any income earned on the original gift as long as they are prudent in their spending of endowment assets. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as a net asset with donor restrictions that are permanent in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by the relevant state law.

Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Corporation considers the following factors:

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

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the performance of a weighted index comprised of certain funds as defined in the Board of Trustees' approved investment policy.

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

Broadmead, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

The following schedule represents the endowment net asset with donor restrictions composition as of June 30:

| | 2025 | | |
|---|---------------------|---------------------|---------------------|
| | Purpose Restricted | Held in Perpetuity | Total |
| Endowment net assets, beginning of year | \$ 3,607,818 | \$ 3,840,237 | \$ 7,448,055 |
| Investment gain | 740,234 | - | 740,234 |
| Contributions | 800 | - | 800 |
| Releases for expenditure | (160,977) | - | (160,977) |
| Endowment net assets, end of year | <u>\$ 4,187,875</u> | <u>\$ 3,840,237</u> | <u>\$ 8,028,112</u> |
| | 2024 | | |
| | Purpose Restricted | Held in Perpetuity | Total |
| Endowment net assets, beginning of year | \$ 2,969,712 | \$ 3,840,237 | \$ 6,809,949 |
| Investment gain | 906,447 | - | 906,447 |
| Contributions | | - | |
| Releases for expenditure | (268,341) | - | (268,341) |
| Endowment net assets, end of year | <u>\$ 3,607,818</u> | <u>\$ 3,840,237</u> | <u>\$ 7,448,055</u> |

*Under advisement of legal counsel, the Corporation determined that funding previously listed as endowments were to be redesignated and are no longer qualified as endowments for fiscal year 2024.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Corporation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, these deficiencies are reported as net assets with donor restrictions. There were no deficiencies reported as of June 30, 2025 and 2024.

13. Fair Value Measurements and Financial Instruments

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

Fair Value Measurements

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs. The Corporation held no Level 3 financial instruments as of June 30, 2025 or 2024.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

The following tables present financial instruments measured at fair value at June 30, 2025 and 2024, by caption of the balance sheets:

| | 2025 | | |
|--|----------------------|----------------------|---------------------|
| | Total | Level 1 | Level 2 |
| Assets: | | | |
| Investments and assets whose use is limited: | | | |
| Equity mutual funds | \$ 11,746,679 | \$ 11,746,679 | \$ - |
| Marketable equity securities: | | | |
| Consumer discretionary | 2,851,932 | 2,851,932 | - |
| Energy | 884,934 | 884,934 | - |
| Financial | 4,252,469 | 4,252,469 | - |
| Healthcare | 2,452,145 | 2,452,145 | - |
| Industrial | 2,144,428 | 2,144,428 | - |
| Information technology | 8,171,679 | 8,171,679 | - |
| Materials | 679,773 | 679,773 | - |
| Other | 5,031,513 | 5,031,513 | - |
| Fixed income mutual funds | 12,013,829 | 12,013,829 | - |
| U.S. government obligations | 9,203,296 | 9,203,296 | - |
| Corporate notes and bonds | 3,579,496 | - | 3,579,496 |
| Total assets measured at fair value | <u>\$ 63,012,173</u> | <u>\$ 59,432,677</u> | <u>\$ 3,579,496</u> |
| Assets measured at net asset value | <u>\$ 14,220,629</u> | | |
| | 2024 | | |
| | Total | Level 1 | Level 2 |
| Assets: | | | |
| Investments and assets whose use is limited: | | | |
| Equity mutual funds | \$ 15,471,711 | \$ 15,471,711 | \$ - |
| Marketable equity securities: | | | |
| Consumer discretionary | 3,333,025 | 3,333,025 | - |
| Energy | 1,324,775 | 1,324,775 | - |
| Financial | 4,358,771 | 4,358,771 | - |
| Healthcare | 3,682,645 | 3,682,645 | - |
| Industrial | 2,727,522 | 2,727,522 | - |
| Information technology | 9,486,711 | 9,486,711 | - |
| Materials | 975,219 | 975,219 | - |
| Other | 5,825,404 | 5,825,404 | - |
| Fixed income mutual funds | 15,410,028 | 15,410,028 | - |
| U.S. government obligations | 10,953,856 | 10,953,856 | - |
| Corporate notes and bonds | 4,401,334 | - | 4,401,334 |
| Total assets measured at fair value | <u>\$ 77,951,001</u> | <u>\$ 73,549,667</u> | <u>\$ 4,401,334</u> |
| Assets measured at net asset value | <u>\$ 13,636,341</u> | | |

The above schedules do not include investment in a captive insurance program of \$266,680 and \$222,480 for June 30, 2025 and 2024, respectively. Additionally, the schedules do not include cash within assets whose use is limited in the amounts of \$26,585,903 and \$4,076,686 for June 30, 2025 and 2024, respectively.

Broadmead, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Valuation Methodologies

The following valuation techniques were used to measure fair value of each class of financial instrument. The Corporation has no financial assets or liabilities measured on a nonrecurring basis at fair market value. There have been no changes in the methodologies used as of June 30, 2025 or 2024.

Equity mutual funds and marketable equity securities - Valued at the closing price reported in the active market on which the individual securities are traded.

Fixed income mutual funds, U.S. government obligations, and corporate notes and bonds - Values are estimated using quoted prices for similar securities.

Alternative Investments - Fair value of alternative investments was based on net asset value (NAV) as described below.

The Corporation follows guidance related to the fair value measurement standard that was issued for estimating the fair value of investments in investment companies that have a calculated value of their capital account or NAV in accordance with, or in a manner consistent with U.S. GAAP. As a practical expedient, the Corporation is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if NAV is not calculated in accordance with under U.S. GAAP.

The Corporation has a policy which permits investments in alternative investments that do not have a readily determinable fair value and, as such, uses the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment. A listing of the investments held by the Corporation and their attributes that may qualify for these valuations consist of the following as of June 30, 2025 and 2024:

| Investment / Strategy | Fair Value June 30, 2025 | Fair Value June 30, 2024 | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|--|-----------------------------|-----------------------------|-------------------------|-------------------------|-------------------------------|
| Collings Capital Low Volatility Performance II Special Investments, Ltd. | | | | | |
| (a) Black Diamond Arbitrage, LTD | \$ 7,615 | \$ 8,338 | \$ - | ** | N/A |
| (b) Cliffwater Corp Lending LLC I | 90,984 | 3,513,214 | - | Monthly | 45 days |
| (c) Ninety-One Global Select LLC | 4,683,902 | - | - | Quarterly | 14 days |
| (c) Mondrian Global All Countries World Equity Fund, L. | 4,295,304 | 4,901,821 | - | Daily | 1 day |
| (c) | 5,142,825 | 5,212,968 | - | Monthly | 15 th of the month |

(a) This fund was established to provide an alternative that offers liquidity as it becomes available from the underlying managers of the Collins Capital Funds. This special purpose vehicle (SPV) portfolio is managed with the sole objective of converting all the underlying fund holdings to cash. As investments are liquidated, cash distributions are made to participants in each SPV on a quarterly basis. It may take a minimum of two or three years to fully liquidate each SPV, although no assurances can be made to the actual timetable.

- (b) This fund is a portfolio consisting of merger arbitrage and special situations opportunities in the global marketplace. The merger arbitrage component participates only in impending mergers with a definitive merger agreement in place. The special situations portion invests in event-driven opportunities that have already been announced, such as spin-offs, corporate restructuring, bankruptcies, or major litigation. This fund consists primarily of investments in securities (including stocks and bonds) and derivatives (including options, forwards, futures and swap contracts).
- (c) These funds are invested in global equity consisting of U.S. and international publicly traded stocks. The Cliffwater Corp fund has quarterly, Mondrian fund has monthly liquidity, and the Ninety-One fund has daily liquidity. The underlying holdings have daily liquidity.

****** The fund is a special purpose vehicle established to provide an alternative that offers liquidity to those who were invested in the Collins Capital Fund. See description of redemption plan at (a).

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

14. Senior Living Services Industry

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

15. Concentrations of Credit Risk

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

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

XV. DESCRIPTION OF RENOVATIONS AND EXPANSIONS

1. Broadmead's historic Holly House is being renovated/restored in accordance with Maryland Historical Trust guidelines. This project will be completed in calendar year 2025.
2. Broadmead acquired five contiguous properties in Sparks, Maryland less than three (3) miles north of Broadmead's current campus. The property spans 60 developed and landscaped acres and includes three (3) mid-rise office buildings totaling over 221,000 square feet. These interconnected buildings will be thoughtfully transformed into 80 spacious independent living residences complemented by expansive common areas, wellness spaces, dining venues, and outdoor amenities all designed to support a vibrant and connected lifestyle for older adults. These amenities, in addition to those on Broadmead's existing campus, will be available and shared by residents on both campuses. The expansion, pending approval by the Maryland Department of Aging, follows an extensive due diligence process including marketing and financial feasibility studies, architectural and engineering reviews, and planning that aligns with Broadmead's commitment to sustainability and person-centered living.
3. Other future campus renovations including renewal and replacement of the buildings and improvements at the community will be funded with Broadmead's unrestricted cash and investments. Broadmead has adequate internal funds and does not have or need any additional financial arrangements to pay for these additions and improvements.

XVI. AMENDMENT PROVISION

Broadmead shall amend its disclosure statement if, at any time, in the opinion of the provider or the Department of Aging, an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact or omission of material fact required by the provisions of HSA Title 10.