



Disclosure Statement April 2025

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

10450 Lottsford Road
Mitchellville, MD 20721-2734
<http://collington.kendal.org>

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DISCLOSURE STATEMENT

1. NAME, ADDRESS, DESCRIPTION OF FACILITY, IDENTITY OF OWNER AND LAND ON WHICH FACILITY IS LOCATED

Collington Episcopal Life Care Community, Inc. ("Collington") is a not-for-profit organization incorporated in the State of Maryland. It owns and operates Collington Episcopal Life Care Community, which is located at 10450 Lottsford Road, Mitchellville, MD, 20721-2734 (the "Community").

The Community's facilities and real property on which the facilities are located are owned by Collington.

The Community is located on approximately 125 acres of land in Prince George's County and is comprised of 325 independent living homes and 77 assisted living/memory care accommodations. The Community was developed through the combined efforts of the Episcopal Diocese of Washington and private benefactors; however, neither the Episcopal Diocese of Washington nor any affiliated body thereof has any obligation to Collington.

The Community contains independent living cottages and apartments and the Creighton Center which is a three-story building which includes the Community Center and Health Center. The Creighton Center has an out-patient clinic, a beauty/barber shop, a library, a 75-foot indoor swimming pool and hot tub, a fitness center, a business center, country store, meeting and dining rooms, an auditorium, an interfaith chapel, and rooms for an assortment of other activities. The Creighton Center houses assisted living accommodations. The assisted living accommodations are for persons who: (i) have some physical and/or cognitive limitation that requires the help of another person to accomplish the activities of daily living; or (ii) need structure in their daily life; or (iii) need accommodations that keep the person safe.

2. KENDAL AFFILIATION

There is no parent organization. However, Collington is affiliated with The Kendal Corporation, a Pennsylvania not-for-profit organization that leads a System of communities and services for seniors in nine states ("Kendal"). In accordance with Collington's Bylaws, Collington's Board shall seek and obtain approval from Kendal with respect to certain actions (i.e., changes in corporate purposes; incurring of indebtedness over a specified amount; use of the Kendal name; substance of resident contracts; purchase, sale, lease or other disposition of any real estate or improvement with a specified value; dissolution, merger, division, or acquiring control of another entity; selection of new members of the Board and amendments to the Articles of Incorporation or to certain sections of the Bylaws)

3. ORGANIZATIONAL STRUCTURE AND MANAGEMENT

Collington is a not-for-profit organization incorporated in the State of Maryland. It is a non-stock

corporation designated as a 501(c)(3) tax-exempt corporation under the Internal Revenue Code (i.e., an organization recognized as exempt from federal income taxes, and contributions to which are tax deductible).

Collington is governed by its Board of Directors, and the day-to-day management of the Community is under the direction of its Chief Executive Officer/CEO, Ann Gillespie, who joined Collington in July of 2019.

4. AFFILIATION WITH RELIGIOUS, CHARITABLE OR NONPROFIT ORGANIZATION

Collington is the sole member of Collington Foundation, Inc. ("CF") which supports Collington. Collington is also affiliated with The Kendal Corporation, a Pennsylvania not-for-profit organization that leads a System of communities and services for seniors in nine states ("Kendal"). Collington alone is responsible for its financial and contractual obligations.

5. DESCRIPTION OF FEES AND CHANGES IN FEES

Collington offers two types of Residency Agreements - a Type A (life care) agreement and a Type C (fee for service) agreement.

Residents pay Collington a processing fee, entrance fee and, commencing on the occupancy date, a monthly charge.

The processing fee is a one-time, non-refundable fee charged to determine the financial, mental, and physical eligibility of an individual seeking admission to the Community. The fee is paid at the time an individual applies for admission, and it is non-refundable.

The entrance fee is the sum of money paid to assure a resident continuing care for life. The entrance fees vary with the type of accommodation chosen, whether there are one or two persons who receive benefits under Collington's Residency Agreement, and whether a fully declining, partially declining or ninety percent (90%) refundable entrance fee has been chosen. (See Schedule A for a listing of current entrance fees.) **The portion of the entrance fee to be refunded, if any, after the occupancy date is not held in trust or escrow for the benefit of the resident after the occupancy date. Carefully read the Residency Agreement for the conditions that must be satisfied before Collington is required to pay the entrance fee refund.**

The fully declining entrance fee amortizes over a period of 50 months at the rate of 2% per month for residents who initially reside in an independent living accommodation. Therefore, there is no refund of the entrance fee for a termination by the Resident that takes place 50 months or more after the resident entered the Community.

The partially declining entrance fee amortizes at the rate of 2% per month for 25 months for residents who initially reside in an independent living accommodation. For a termination by the resident that takes place thereafter, 50% of the entrance fee will be refunded.

The resident who chooses the ninety percent (90%) refundable entrance fee is entitled to a ninety percent (90%) refund of the entrance fee.

All entrance fee refunds are based upon the terms and conditions listed in Collington's Residency Agreement.

The monthly charge is the amount of money payable to Collington for each and every month during a person's occupancy in the Community. The monthly charge is based upon the living accommodation chosen, the type of contract (Type A or Type C) and whether one or more people receive benefits under Collington's Residency Agreement. (See Schedule A for a listing of current monthly charges.) Monthly charges may be adjusted from time to time by Collington, in its discretion, based upon operating costs and other financial needs of Collington, upon forty-five (45) days prior written notice to residents.

The Type A Residency Agreement provides that there is no separate or additional charge when a resident relocates from an independent living accommodation to assisted living on a temporary or permanent basis unless the resident is a "Restricted Resident." A Restricted Resident is a person who has been identified during the admission process as having a complex health condition. A Restricted Resident pays an additional per diem fee if the Restricted Resident relocates to the Creighton Center within two years after the Occupancy Date. (See Exhibit 1 to the Residency Agreement for a full description of the fees paid by a Restricted Resident when relocating to the Creighton Center.

The Type C Residency Agreement is a fee-for-service contract, and residents pay the current rate for providing services in the independent living or assisted living area of the facility depending upon where in the facility they are residing at the time. (See Schedule A for Type C fees and Creighton Center Rates.)

See Schedule A for current charges and a history of fees.

6. OPERATING RESERVE REQUIREMENTS AND INVESTMENT POLICY

As of December 31, 2024, Collington met the operating reserve requirements established in Sections 10-419 through 10-421 of the Human Services Article of the Annotated Code of Maryland and is in compliance with the 25% requirement effective 1/1/2023. Operating reserves are held in cash, commercial paper, and investments, which Collington has deemed reasonably liquid. See Schedule E for a description of the status of the operating reserve requirements. The bond reserves, if any, are monitored by the Finance Committee of the Board of Directors monthly. Other investments are reviewed quarterly by the Finance Committee of the Board of Directors.

7. AUDITED FINANCIAL STATEMENT

See Schedule C.

8. LONG-TERM FINANCING

See Schedule B.

9. CASH FLOW FORECAST STATEMENT

See Schedule C.

10. NAMES AND OCCUPATIONS OF OFFICERS AND DIRECTORS AND ADDITIONAL BOARD INFORMATION

Schedule D is a listing of the names and occupations of the members of the Board of Directors of Collington, and its officers. As a not-for-profit, nonstock corporation, no individual person owns an equitable or beneficial interest in Collington. No person listed in Schedule D has a 10% or greater financial interest in any entity which provides goods, premises, or services to Collington or to the Community. None of the officers or members of the Board of Directors of Collington: (i) has been convicted of, or pleaded nolo contendere to, a felony charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; (ii) has been held liable, or enjoined by a final judgment, in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation as a fiduciary; (iii) has 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 a facility or service for aging, impaired, or dependent persons; or (iv) in the past 10 years, had any state or federal license or permit suspended or revoked 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.

11. MANAGEMENT OF THE COMMUNITY

The Community is managed by Collington. In addition, Kendal provides a number of basic services to its affiliates depending upon the needs and desires of each affiliate. Basic services may include: support and consultation to all functional areas; coordination and collection of data and compiling benchmark reports; group purchasing; information technology; sharing Leading Age knowledge; templates for policies, procedures, governance; public policy initiatives; financial reports and analysis; marketing and public relations; human resources functions; regulatory assistance; dining service programs, purchases, menus; standards, quality improvement and innovations in health services; facility, construction and environmental services; philanthropy; and developmental services for growth, innovation and problem solving. Kendal's system fee is 5% of budgeted expenses (not including the system fee itself).

12. GOVERNANCE OF THE PROVIDER AND COMPOSITION OF GOVERNING BODY

Collington is governed by its Board of Directors, described with details regarding its composition in Schedule D. Collington will satisfy Section 10-427 of the Human Services Article of the Annotated Code of Maryland by having at least one resident on the Board who is a full and regular member of the Board.

Currently, Collington has three (3) resident Board members. Under the Bylaws, Collington's Board shall consist of not fewer than thirteen (13) or more than twenty (20) Directors. The Board selection process is as follows: one (1) Director may be selected by the Board of the Corporation from among suggestions made by Kendal; up to seven (7) Directors may be selected by the Board from among a pool of names suggested by board members, residents, family members, professional resources and connections; and three (3) members of the Board, but not more than twenty percent (20%) of the total number of Directors, shall be residents of the Community. The Governance Committee makes its nominations for resident members from a pool of names that have been suggested by the Residents' Association. These members, as well as the other Board members, have all the powers and authority necessary for the management of the business of the Corporation. The Corporation seeks Directors whose lives are in harmony with Kendal values and practices, and seek to include among the Board Episcopalians, members of the Religious Society of Friends and other religious affiliations, with a goal of a Board composed of Directors who have a variety of backgrounds and demographics. Board members are selected by the Board at a meeting prior to the annual meeting for terms of three (3) years, and until their successors are selected and qualified.

13. MEETINGS WITH RESIDENTS

Collington's Chief Executive Officer holds monthly (except for August and December) Community meetings with residents in an open forum format. Recordings of these meetings are shared with the Collington board and the entire resident community. Department Directors are present at these meetings, and Residents are encouraged to ask questions and have them answered. The CEO also meets with residents as needed, including new residents and monthly coffees as well as meetings with individual Districts/Neighborhoods.

In addition, Collington satisfies the requirements of Section 10-426 of the Human Services Article of the Annotated Code of Maryland by meeting with residents quarterly to summarize Collington's operations, discuss significant changes from the previous year, and to discuss goals and objectives for the next year. Resident questions are also welcomed and answered in these meetings.

14. SUMMARY OF SERVICES

Collington is a continuing care retirement community. After a person has been accepted into the Community, he/she enters into a Residency Agreement pursuant to which, in consideration of the payment of the entrance fee and monthly charge, Collington agrees to provide lifetime living

accommodations for the resident according to their needs. The monthly charge includes:

- a choice of living accommodation when entering the Community and thereafter depending upon need and availability
- amenities related to the type of accommodation occupied
- basic furnishings for assisted living for those residents who are unable to provide, or who do not wish to provide, their own furnishings
- the use of common areas
- the use of self-service laundry centers
- one meal per day utilizing the 300 meal points per month
- scheduled housekeeping
- 300 meal points per month to accommodate resident's needs
- necessary repairs, maintenance and replacement of property and equipment owned by Collington
- the provision of personnel to provide roving patrol services, monitor smoke alarms, emergency alarms and doors through the use of television monitors.
- utilities (water, heat, electricity, and air conditioning).
- basic wi-fi access.
- local telephone service.
- scheduled local transportation to stores and shopping centers.
- the availability of religious services
- parking areas for residents and guests; and
- claims submission to health insurers for Collington's services.

Additionally, the following health-related services are included in the monthly charge:

- special diets when recommended by the resident's attending physician or a registered dietician.
- wellness lectures and nutrition counseling.
- coordination of health care.
- emergency response.
- assisted living care (Type A contract only).
- the availability of physicians who come to Collington.
- support group for persons with Parkinson's, depression and/or anxiety.
- care planning.
- clinic vital sign checks.
- social services to coordinate health services and assist with coping with life changes.

Services not included in the monthly charge but available to residents for an additional cost:

- beauty/barber shop
- group trips and scenic excursions

- covered parking
- meal delivery
- additional housekeeping services
- additional landscaping services
- additional maintenance services
- other clinic services**
- copier charges
- mail/package services
- use of cots/cribs
- guest quarters (if available)
- guest meals
- transportation
- wheelchair rental
- personal care supplies
- fax usage
- Geri chair/recliner rental (when available) See Schedule A
- Long-distance telephone service
- Premium cable services (available from Comcast)
- High-speed internet (available from Comcast).

**** MedStar Health Center for Successful Aging Outpatient Clinic at Collington:**

If residents choose the Collington clinic as their primary care team, they will assist residents in implementing their treatment plan and arranging for diagnostic tests

Other health services available in clinic are but not limited to:

Annual Physical

Pre-Operative Physical

Dressing Changes

Suture / Staple Removal

Collection of Specimens

Blood Pressure Monitoring

Regular weight monitoring

Nutritional Counseling

Coumadin Monitoring

Various Vaccinations

Wound Care

Cognitive Assessments

Medication Reconciliation

Review MOLST

Referral to Specialists

Completion of Forms within 10 business days

Treatment of the following conditions:

- Nausea, vomiting or diarrhea
- Seasonal Allergies
- Urinary Tract Infection

- Minor Cuts and burns
- Sinus Infection
- Rash or hives
- Pink eye
- Headaches or migraines
- Collection of Specimens

Resident Medicare/ insurances are billed for services within the clinic as appropriate.

15. AMENDMENT OF DISCLOSURE STATEMENT

Collington will promptly amend this Disclosure Statement if, in the opinion of the provider or the Department, an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact required by law to be stated in the disclosure statement.

16. COMMUNITY PLANNING

Collington is actively engaged in a multi-phase, multi-year campus revitalization project. This project is the culmination of 4 years of dedicated, collective effort by Collington board members, team members, residents, and a group of senior living industry professionals to envision and plan for Collington's next chapter. The phases of the project are listed below. Project 1 has been approved by the Collington Board.

Project 1 – Construction of 21 new cottages and villas. Aesthetic improvements that will improve quality of life for residents and team members will be made beginning in 2025.

Project 2 – Dining, Ivy Lounge, Common Space renovation.

Project 3 – Replacement of the Creighton Center with 35 new assisted living beds, 35 new memory care beds, 32 new independent living apartments and renovation of the existing commons area into a new "Main Street": a welcome center, tech studio, wellness salon, classrooms, art gallery and new country store.

17. CAPITAL REPLACEMENT

Collington has budgeted \$ 5,404,696 for capital expenditures related to renewal and replacement of facilities and grounds.

18. SURCHARGE

Collington does not impose surcharges on its subscribers (residents).

19. RESIDENTS' ASSOCIATION

The Residents' Association meets privately to conduct its business.

The Residents' Association has seven standing committees: Buildings, Dining, Fiscal Review,

Grounds, Health Services, Technology & Communications, and Marketing. These Committees meet regularly with staff to address areas of concern to the residents. The Committees may also present issues to the Residents' Association which the Committees want addressed at the level of Collington's Board of Directors.

The Residents' Association is actively involved in bringing issues to the Board of Directors and in participating in discussions concerning the Community's landscaping plan.

In addition to the activities, the Residents' Association plans trips and social functions for the residents.

20. GRIEVANCE PROCEDURE

Collington has established an internal grievance procedure to address resident grievances. A resident or a group of residents collectively may submit a grievance in writing to Collington's Chief Executive Officer. The Chief Executive Officer will send a written acknowledgment to the resident or group of residents within five days after receipt of the written grievance. A resident or group of residents who file a written grievance are entitled to a meeting with the management of Collington within 30 days after receipt of the written grievance, to present the grievance. Collington will provide a response in writing within 45 days after receipt of the written grievance as to the investigation and resolution of the grievance.

Within 30 days after Collington provides its response to the grievance, a resident, group of residents or Collington may seek mediation through one of the community mediations centers in the State or another mediation provider. If a resident, group of residents or Collington seeks mediation under the preceding sentence, the mediation shall be nonbinding.

21. LONG-TERM CARE INSURANCE

If you have a long-term care insurance policy, request your advisors to review the policy and the Residency Agreement to determine whether there are potential areas of duplication or areas where benefits can be coordinated.

Collington Episcopal Life Care Community, Inc.
Disclosure Statement
April 2025

Schedule A

Collington's Benefits, Services, Charges and Fee Adjustment History

Items included in monthly fee, unless otherwise noted

Community Center and Campus

- easy access throughout the Community
- dining rooms and private dining facilities
- country store for snacks and staples (*items billed separately*)
- 24-hour security supervision of buildings and grounds
- indoor heated swimming pool
- exercise room for individual use or in class
- centrally located individual, locked mailboxes
- individual message boxes
- automated telephone message service
- package mailing services (*charge for postage*)
- garden areas
- complete maintenance of all buildings, grounds, recreation areas and equipment
- use of all facilities including lounges, interfaith chapel, auditorium, library, music room, lawns, and gardens
- a program of social and recreational activities responsive to resident requests and desires (*Some at additional charge*)
- college courses on campus (*additional charge*)
- guest rooms, cots available for guest stays in residence (*additional charge*)
- creative arts rooms for ceramics, art, sewing, flower arranging, woodworking, etc.
- regularly scheduled transportation to nearby shopping centers, grocery stores, Metro, Amtrak, and other locations
- 125 acres of gently rolling countryside with lake, wooded areas, and walking trails
- less than a mile from Capital Beltway
- beauty/barber shop (*additional charge*)
- group trips arranged for special cultural, social, sporting, and scenic excursions (*additional charge*)
- laundry and dry-cleaning pick-up and delivery service (*additional charge*)

Choice of Different Types of Living Accommodations in the Cluster Cottages or Apartment Building

- full size all-electric kitchen in each residence with dishwasher and disposal, some cottages with gas ranges and microwaves; many residences include washers and dryers
- walk-in closet
- individually controlled heating and air conditioning
- safety bars in both tubs and showers
- emergency call system
- private patio or balcony

- approved pets allowed
- housekeeping services
- linens for bedroom and bath
- free self-service laundry centers in apartment building
- ample parking for residents and guests; covered parking (*at additional charge*)
- all utilities included except long distance phone, high-speed internet, and premium cable TV (basic wireless internet and basic cable included)

Lifetime Health Care

- assistance with personal needs in the Creighton Center on a temporary or permanent basis (no additional charge for Type A contract residents; available at additional charge for Type C contract residents)
- on-site rehabilitation, laboratory, x-ray, dietician, dental, oxygen therapy and podiatry services (*billed separately*)
- on-site clinic
- on-site physician services available (*billed separately*)
- pharmacy delivery (*billed separately*)
- coordination of health services at Collington and elsewhere

Three Meals Served Daily

- menu selection in dining rooms
- special diet if prescribed by resident's physician
- tray service to your independent living residence during temporary illnesses
- guests' meals (*billed separately*)

Collington also charges additional fees for medical supplies and other ancillary services. These are charged at the prices in effect at the time of use. Transportation services provided by Collington will be charged at various rates per the Community's Ancillary Fee Schedule.; private duty nursing costs are based on individual contracts from those service providers. Other fees may be charged depending on the services provided.

You will be billed directly by Comcast Cable if you decide to receive premium cable or high-speed internet service. You will be billed for all long-distance calls at the prevailing rate.

Collington may require a resident to pay a higher Monthly Charge than the rate charged to other residents if a resident cannot or chooses not to become an insured under any of the aforementioned Federal, State or municipal plans or programs or under any of the aforementioned private insurance plans or cannot or chooses not to obtain the maximum coverages under any such insurance.

The history of fees pertains to Collington's Type A Contract. In Fiscal Year 2010, a Type C Contract was introduced. When a Type C resident temporarily or permanently transfers to the Creighton Center, the resident pays the current private-pay rate for the type of accommodation he/she occupies.

The following table represents the historical increases over the past five years in independent living entrance fees and monthly fees. The effective date of all of these increases was January 1st of each year. Collington had only one mid-year increase in the last 5 years in 2022 due to the economic circumstances from COVID and inflation. A monthly fee increase of 12% effective August 1, 2022, was charged to all independent living residents.

Independent Living					
	2025	2024	2023	2022	2021
Entrance Fees – Type A	11.0%	5.0%	2.0%	4.0%	3.0%
Entrance Fees – Type C	5.0%	5.0%	2.0%	4.0%	3.0%
Monthly Fees – Type A	5.5%	6.5%	4.0%	3.75%	3.75%
Monthly Fees – Type C	7.5%	6.5%	4.0%	3.75%	3.75%

Assisted Living and Skilled Nursing fees are charged at a daily rate for subscribers with Type C contracts and direct admissions to the health center. The following table shows the increases in those fees over the last 5 years. Collington delicensed its skilled beds in 2023 and therefore did not have an increase. In 2024, Collington assessed its health center billing and changed from a location-based billing to a level of care-based billing. This resulted in a significant increase in the daily rate, but this also reflected the cost of providing that level of care.

Health Center	2025	2024	2023	2022	2021
Assisted Living – Level 1	3.0%	31.0%	4.0%	4.0%	2.0%
Assisted Living – Level 2	3.0%	20.0%	4.0%	4.0%	2.0%
Assisted Living – Level 3	3.0%	29.0%	4.0%	4.0%	2.0%
Assisted Living - Memory Care	3.0%	25.0%	4.0%	4.0%	2.0%
Long Term Skilled Nursing	n/a	n/a	0.0%	4.0%	4.0%
Short Term Skilled Nursing	n/a	n/a	0.0%	4.0%	4.0%

Entrance fee refund options include:

Option 1: Fully declining entrance fee refund. The amount of refund due following payment of the entrance fee declines by 2% per month for 50 months for independent living residents. At the end of the applicable period, Collington has earned the entire amount of the entrance fee. However, if the resident should leave Collington prior to the time that the entire entrance fee is earned, Collington will return the unearned amount to the former resident or resident's estate.

Option 2: Partially declining entrance fee refund. The amount of refund due following payment of the entrance fee declines by 2% per month for 25 months for independent living residents. At the end of the applicable period, the refund will remain constant at 50%.

Option 3: 90% refundable entrance fee refund. The amount of the refund is equal to 90% of the amount of the entrance fee paid. No deduction is made regardless of the time the resident has been at Collington.

Tax Considerations

Pursuant to the Tax Increase Prevention and Reconciliation Act (the "Act"), as amended by the Tax Relief and Health Care Act of 2006, the provisions of section 7872 of the Internal Revenue Code significantly changed how a below market loan (including an arrangement treated as a below market loan, e.g., a refundable entrance fee) to a qualified continuing care facility pursuant to a continuing care contract is treated. The Act provides modified and more expansive definitions of a "continuing care contract" and a "qualified continuing care facility", so that a qualified continuing care facility will not have to "impute" interest income on a loan (i.e., report interest to residents for tax purposes for any calendar year with respect to the refundable portion of the entrance fee under a residency agreement), if the loan is made pursuant to a continuing care contract and if the resident (or the resident's spouse) attains age 62 before the close of that calendar year.

As a result of this Act, many continuing care retirement communities, including Collington, meet the requirements of this new law so that interest will not be imputed for income tax purposes to residents meeting the age requirement with respect to the refundable portion of their entrance fees under their residency agreements. This law applies to calendar years beginning after December 31, 2005, with respect to loans made before, on, or after such date.

Residents are urged to consult with their personal tax advisor regarding the tax consequences associated with the refundable portion of their entrance fee and we disclaim any expression of tax advice or opinion.

Collington Episcopal Life Care Community, Inc.
Disclosure Statement
April 2025

Schedule B
(Long-Term Financing)

Long-Term Financing

On May 1, 2017, Collington caused Series 2017 bonds in the amount of \$63,995,000 to be issued on its behalf by Prince George's County, Maryland. The proceeds of the Series 2017 Bonds, together with other moneys available therefor will be used by Collington Episcopal Life Care Community, Inc. (the "Corporation") to (i) currently refund certain bonds previously issued by Prince George's County, Maryland (the "Issuer"), the proceeds of which bonds were used by the Corporation to refund certain bonds previously issued by the Issuer to finance and refinance a portion of the costs of acquiring a continuing care retirement community located in Mitchellville, Maryland, and known as. (the "Facility"), (ii) repay a construction loan from Santander Bank, N.A., as administrative agent, (iii) finance the costs of certain capital improvements to the Facility, (iv) fund a deposit to the Debt Service Reserve Fund, and (v) pay the costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds will be limited obligations of the Issuer and (except to the extent that payment thereof may be made from the proceeds of the Series 2017 Bonds or any investment income therefrom) will be payable solely from, and secured by, (i) a pledge of Revenues to be derived pursuant to a Loan Agreement between the Issuer and the Corporation, (ii) a Deed of Trust granted by the Corporation for the benefit of the Issuer and its assigns, including the Trustee, on the Facility and certain equipment and furnishings of the Corporation, and (iii) otherwise as described herein.

The Issuer previously issued its Refunding Revenue Bonds, Collington Episcopal Life Care Community, Inc., Series 2006A in the original aggregate principal amount of \$26,350,000 (the "Series 2006 A Bonds"), its Refunding Revenue Bonds, Collington Episcopal Life Care Community, Inc., Series 2006B in the original aggregate principal amount of \$24,310,000 (the "Series 2006 B Bonds") and its Refunding Revenue Bonds, Collington Episcopal Life Care Community, Inc., Series 2006C in the aggregate principal amount of \$6,660,000 (the "Series 2006 C Bonds", and together with the Series 2006 A Bonds and the Series 2006 B Bonds, the "Series 2006 Bonds"), pursuant to a Trust Indenture dated as of July 1, 2006 (the "2006 Indenture") between the Issuer and The Bank of New York Mellon, as trustee (the "2006 Trustee"), for the purpose of lending the proceeds thereof to the Corporation pursuant to a Loan Agreement dated as of July 1, 2006 (the "2006 Loan Agreement") between the Issuer and the Corporation to finance and refinance a portion of the costs of acquiring the Facility and to make certain improvements to the Facility. The payment of principal and interest on, and the purchase price of, the Series 2006 Bonds was secured by an irrevocable direct-pay letter of credit issued by Bank of America, N.A. (as successor to LaSalle Bank National Association) (the "2006 Letter of Credit"). In 2014, the 2006 Trustee drew on the 2006 Letter of Credit to purchase all of the Series 2006 Bonds. In connection with the draw on the letter of credit, a term loan in the amount of \$50,687,820.71 (the "Term Loan") was created from Bank of America, N.A. to the Corporation, pursuant to a Term Loan Agreement dated November 26, 2014 (the "Term Loan Agreement") between the Corporation, Bank of America, N.A., as administrative agent, and the lenders party thereto (the "Lenders"). The Series 2006 Bonds are pledged by the Corporation and held by the 2006 Trustee as security for the Corporation's obligations with respect to the Term Loan.

The Corporation will use a portion of the proceeds of the Loan, together with other funds made available by the Corporation, to repay the Term Loan in full on the date of issuance of the Series 2017 Bonds. Simultaneously with such repayment, the Corporation will direct the 2006 Trustee to cancel the Series 2006 Bonds and to release the trust estate securing the Series 2006 Bonds.

Simultaneously with the execution of the Term Loan Agreement, the Corporation, the Lenders, and Santander Bank, N.A., as administrative agent, executed a Construction Loan Agreement pursuant to which the Corporation borrowed up to \$7,000,000 to finance certain capital improvements to the Facility (the "Construction Loan"). The Corporation will use a portion of the proceeds of the Loan to repay the Construction Loan on the date of issuance of the Series 2017 Bonds.

In addition, the Corporation will use a portion of the proceeds of the Series 2017 Bonds to finance and refinance the costs of the general renovation and improvement of the Facility, which renovations include the repair and replacement of the HVAC system; the renovation of the dining facility; various routine capital expenditures for the repair, renovation and replacement of existing facilities comprising the Facility; and in connection with each of the foregoing, the installation of necessary or useful furnishings, equipment and machinery; and the acquisition of such interests in land as may have been necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation facilities (collectively, the "2017 Improvements"). The 2017 Improvements shall constitute Additional Facilities under the Indenture.

Collington previously borrowed \$1,300,000 from its Foundation bearing interest at an annual rate of 9% through July 31, 2006. The interest rate was renegotiated to 5.624% per annum beginning July 1, 2006, and ending September 30, 2007, 4.11% beginning October 1, 2007, and ending June 30, 2013, and 3.25% per annum thereafter. As a result of the issuance of the Series 2006 Bonds, this obligation is subordinate to debt service on the bonds.

Annual Debt Service Requirements

<u>Year</u> <u>Ending</u>	<u>Principal or Sinking</u> <u>Fund Payments</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2017		\$1,348,338.54	\$1,348,338.54
2018	\$1,600,000	3,203,762.50	4,803,762.50
2019	1,675,000	3,129,637.50	4,804,637.50
2020	1,760,000	3,043,762.50	4,803,762.50
2021	1,850,000	2,953,512.50	4,803,512.50
2022	1,945,000	2,858,637.50	4,803,637.50
2023	2,045,000	2,758,887.50	4,803,887.50
2024	2,150,000	2,654,012.50	4,804,012.50
2025	2,260,000	2,544,712.50	4,804,712.50
2026	2,370,000	2,432,875.00	4,802,875.00
2027	2,485,000	2,317,568.75	4,802,568.75
2028	2,610,000	2,195,175.00	4,805,175.00
2029	2,740,000	2,063,300.00	4,803,300.00
2030	2,880,000	1,922,800.00	4,802,800.00
2031	3,030,000	1,775,050.00	4,805,050.00
2032	3,185,000	1,619,675.00	4,804,675.00
2033	3,350,000	1,452,112.50	4,802,112.50
2034	3,530,000	1,271,512.50	4,801,512.50
2035	3,720,000	1,081,200.00	4,801,200.00
2036	3,920,000	880,650.00	4,800,650.00
2037	1,030,000	750,712.50	1,780,712.50
2038	1,085,000	697,181.25	1,782,181.25
2039	1,140,000	640,762.50	1,780,762.50
2040	1,200,000	579,337.50	1,779,337.50
2041	1,265,000	514,631.25	1,779,631.25
2042	1,335,000	446,381.25	1,781,381.25
2043	1,405,000	374,456.25	1,779,456.25
2044	1,485,000	298,593.75	1,783,593.75
2045	1,565,000	218,531.25	1,783,531.25
2046	1,645,000	134,268.75	1,779,268.75
2047	1,735,000	45,543.75	1,780,543.75
TOTALS	\$63,995,000	\$48,207,582.29	\$112,202,582.29

Under the terms of the refinancing of the long-term debt, Collington is required to maintain an annual Debt Service Coverage Ratio and a Days Cash on Hand amount calculated on December 31 of each year as follows:

<u>Year</u> <u>Ending</u>	<u>Debt Service</u> <u>Coverage Ratio</u>	<u>Days Cash</u> <u>on Hand</u>
2017	1.20 : 1.00	120
2018	1.20 : 1.00	120
2019	1.20 : 1.00	120
2020	1.20 : 1.00	120
2021	1.20 : 1.00	150
2022	1.20 : 1.00	150
2023	1.20 : 1.00	150
2024	1.20 : 1.00	150
2025	1.20 : 1.00	150
2026	1.20 : 1.00	150
2027	1.20 : 1.00	150
2028	1.20 : 1.00	150
2029	1.20 : 1.00	150
2030	1.20 : 1.00	150
2031	1.20 : 1.00	150
2032	1.20 : 1.00	150
2033	1.20 : 1.00	150
2034	1.20 : 1.00	150
2035	1.20 : 1.00	150
2036	1.20 : 1.00	150
2037	1.20 : 1.00	150
2038	1.20 : 1.00	150
2039	1.20 : 1.00	150
2040	1.20 : 1.00	150
2041	1.20 : 1.00	150
2042	1.20 : 1.00	150
2043	1.20 : 1.00	150
2044	1.20 : 1.00	150
2045	1.20 : 1.00	150
2046	1.20 : 1.00	150
2047	1.20 : 1.00	150

Collington Episcopal Life Care Community, Inc.
Disclosure Statement
April 2025

Schedule C

**Certified Audited Financials
and Cash Flow Forecast Statement**

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
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YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Collington Episcopal Life Care Community, Inc.
Mitchellville, Maryland

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Collington Episcopal Life Care Community, Inc. (a Maryland corporation), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of operations and changes in net assets (deficiency), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Collington Episcopal Life Care Community, Inc. as of December 31, 2024 and 2023, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Collington Episcopal Life Care Community, Inc.'s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

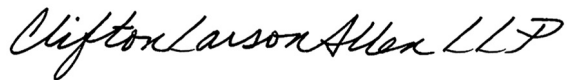
In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, operations and changes in net assets (deficiency), and cash flows are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 23, 2025

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,839,478	\$ 2,230,574
Accounts Receivable	386,503	516,163
Allowance for Credit Losses	(143,131)	(138,512)
Accounts Receivable - Partial Closing	263,059	215,953
Other Receivables	2,551,934	-
Prepaid Expenses and Other Assets	694,634	667,789
Assets Whose Use is Limited, Current	<u>2,129,624</u>	<u>2,054,159</u>
Total Current Assets	8,722,101	5,546,126
INVESTMENTS	17,777,452	17,407,311
ASSETS WHOSE USE IS LIMITED	4,705,283	4,747,326
PROPERTY AND EQUIPMENT		
Land	909,016	909,016
Land, Building, and Building Improvements	146,668,432	141,706,669
Furniture and Equipment	11,855,922	11,667,561
Construction in Progress	<u>2,854,355</u>	<u>601,357</u>
Total	162,287,725	154,884,603
Less: Accumulated Depreciation	<u>(105,730,630)</u>	<u>(99,764,199)</u>
Property and Equipment, Net	56,557,095	55,120,404
OTHER ASSETS		
Contributions Receivable from Remainder Trust	<u>2,800</u>	<u>29,200</u>
Total Other Assets	<u>2,800</u>	<u>29,200</u>
 Total Assets	 <u><u>\$ 87,764,731</u></u>	 <u><u>\$ 82,850,367</u></u>

See accompanying Notes to Consolidated Financial Statements.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS (DEFICIENCY)		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 2,260,000	\$ 2,150,000
Accounts Payable	3,601,860	2,161,417
Accrued Salaries and Benefits	788,580	771,443
Accrued Interest Payable	432,377	450,294
Entrance Fees and Deposits from Prospects Payable	<u>736,702</u>	<u>842,961</u>
Total Current Liabilities	7,819,519	6,376,115
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	49,679,528	51,982,940
REFUNDABLE ENTRANCE FEE LIABILITY	14,498,803	15,956,929
DEFERRED REVENUE FROM RESIDENT ENTRANCE FEES	<u>42,874,708</u>	<u>39,225,138</u>
Total Liabilities	114,872,558	113,541,122
NET ASSETS (DEFICIENCY)		
Net Deficiency Without Donor Restrictions	(33,016,227)	(35,189,765)
Net Assets With Donor Restrictions	<u>5,908,400</u>	<u>4,499,010</u>
Total Net Deficiency	<u>(27,107,827)</u>	<u>(30,690,755)</u>
Total Liabilities and Net Deficiency	<u><u>\$ 87,764,731</u></u>	<u><u>\$ 82,850,367</u></u>

See accompanying Notes to Consolidated Financial Statements.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES
IN NET ASSETS (DEFICIENCY)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE		
Net Residential Services Revenue	\$ 21,701,621	\$ 20,379,955
Health Care Revenue	4,647,985	3,856,387
Amortization of Deferred Entrance Fees	5,072,602	5,543,058
Ancillary Income	641,521	486,777
Investment Income and Realized Gains	1,756,561	94,753
Contributions	326,118	169,176
Employee Retention Credit Grant Revenue	2,551,934	-
Net Assets Released from Donor Restrictions	344,874	609,708
Other Income	205,749	709,290
Total Revenue	<u>37,248,965</u>	<u>31,849,104</u>
EXPENSES		
General and Administrative	11,485,808	10,200,742
Plant and Environmental Services	4,854,639	5,008,010
Health Care	763,639	1,133,030
Dining Services	4,677,207	4,228,470
Utilities	1,766,522	1,783,051
Real Estate Taxes	563,823	558,914
Affiliation and System Fee	882,960	1,030,704
Depreciation	6,023,252	5,642,270
Interest	2,592,684	2,697,767
Provision for Credit Losses	56,732	162,272
Total Expenses	<u>33,667,266</u>	<u>32,445,230</u>
INCOME (LOSS) FROM OPERATIONS BEFORE OTHER		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,581,699	(596,126)
OTHER CHANGES IN NET ASSETS WITHOUT		
DONOR RESTRICTIONS		
Net Unrealized Gain (Loss) on Investments	(429,506)	1,584,368
Net Asset Transfer	(978,655)	-
Total Other Changes in Net Assets Without Donor Restrictions	<u>(1,408,161)</u>	<u>1,584,368</u>
INCOME FROM OPERATIONS	2,173,538	988,242
NET ASSETS WITH DONOR RESTRICTIONS		
Investment Income and Realized Gains	442,573	235,707
Unrealized Gains on Investments	239,518	516,943
Contributions	93,518	206,153
Net Assets Released from Donor Restriction and Used in Operations	(344,874)	(609,708)
Net Asset Transfer	978,655	-
Increase in Net Assets With Donor Restrictions	<u>1,409,390</u>	<u>349,095</u>
CHANGE IN NET DEFICIENCY	3,582,928	1,337,337
Net Deficiency - Beginning of Year	<u>(30,690,755)</u>	<u>(32,028,092)</u>
NET DEFICIENCY - END OF YEAR	<u><u>\$ (27,107,827)</u></u>	<u><u>\$ (30,690,755)</u></u>

See accompanying Notes to Consolidated Financial Statements.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Deficiency	\$ 3,582,928	\$ 1,337,337
Adjustments to Reconcile Change in Net Deficiency to Net Cash Provided by Operating Activities:		
Depreciation	6,023,252	5,642,270
Provision for Credit Losses	56,732	162,272
Amortization of Resident Entrance Fees	(5,072,602)	(5,543,058)
Amortization of Deferred Financing Costs	49,097	49,097
Amortization of Bond Premium	(92,509)	(92,509)
Proceeds from Nonrefundable Entrance Fees	8,513,788	9,582,085
Net Unrealized and Realized Gains on Investments and Assets Limited as to Use	(1,004,737)	(1,632,552)
(Increase) Decrease in Assets:		
Accounts Receivable	77,547	(61,304)
Other Receivables	(2,551,934)	-
Prepaid Expenses and Other Assets	(445)	(10,922)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	1,457,580	(413,530)
Accrued Interest Payable	(17,917)	(18,057)
Net Cash Provided by Operating Activities	<u>11,020,780</u>	<u>9,001,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(7,459,943)	(6,299,655)
Purchases of Investments and Assets Limited as to Use	(3,266,334)	(2,903,728)
Sales of Investments and Assets Limited as to Use	<u>3,889,901</u>	<u>3,210,289</u>
Net Cash Used by Investing Activities	<u>(6,836,376)</u>	<u>(5,993,094)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Refundable Entrance Fees	1,903,041	2,889,817
Refunds for Entrance Fees	(3,306,148)	(3,159,476)
Principal Payments of Long-Term Debt	<u>(2,150,000)</u>	<u>(2,045,000)</u>
Net Cash Used by Financing Activities	<u>(3,553,107)</u>	<u>(2,314,659)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	631,297	693,376
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,754,192</u>	<u>2,060,816</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 3,385,489</u></u>	<u><u>\$ 2,754,192</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u><u>\$ 2,654,013</u></u>	<u><u>\$ 2,759,236</u></u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 2,839,478	\$ 2,230,574
Restricted Cash	<u>546,011</u>	<u>523,618</u>
Total Cash and Restricted Cash	<u><u>\$ 3,385,489</u></u>	<u><u>\$ 2,754,192</u></u>

See accompanying Notes to Consolidated Financial Statements.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Collington Episcopal Life Care Community, Inc. (CELCC) was incorporated as a nonprofit corporation on March 30, 1982, under the laws of the state of Maryland to develop, construct, and operate a continuing care retirement community in Prince George's County, Maryland. CELCC received its certification from the Maryland Department of Aging to provide services according to the provisions of its Residence and Care Agreement on November 14, 1988, and renews this certificate annually.

On April 24, 2023, CELCC notified the Maryland Office of Health Care Quality of intent to delicense all 44 of its comprehensive care facility (CCF) beds. On June 7, 2023, CELCC received authorization from the Maryland Health Care Commission (the Commission) for temporary delicensure of the 44 CCF beds for a period of one year. During the one-year temporary delicensure period, CELCC had the option to apply to relicense the CCF beds, or transfer ownership. On May 1, 2024, CELCC notified the Commission of their decision to relinquish the 44 CCF beds.

On April 19, 2023, Collington received approval from the Maryland Department of Health Assisted Living division to add 12 additional beds to its Assisted Living license, for a total of 77 beds.

Collington Foundation, Inc. (CF) was incorporated as a nonprofit corporation on July 31, 1996, under the laws of the state of Maryland to provide and inspire philanthropic support for CELCC. In addition, the vision is to harness our generosity of spirit to nurture the goals and aspirations of all who live, work and serve in the community. CELCC is the sole member of CF.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CELCC and CF (collectively, the Organization). All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities when purchased of six months or less to be cash equivalents. As of December 31, 2024 and 2023, cash equivalents consisted primarily of checking and savings accounts.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

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

Residents are not required to provide collateral for services rendered. Payment for services is expected within 30 days of receipt of invoice or claim submitted. Accounts past due more than 90 days are individually analyzed for collectability and the collection process is initiated. When all collection efforts have been exhausted, the accounts are written off against the related allowance.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2024 and 2023, the allowance for credit losses was \$143,131 and \$138,512, respectively.

Changes in the allowance for credit losses for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Balance, Beginning of Year	\$ 138,512	\$ 108,702
Provision for Losses	56,732	162,272
Amounts Written Off	(58,131)	(132,462)
Recoveries	6,018	-
Balance, End of Year	<u>\$ 143,131</u>	<u>\$ 138,512</u>

Accounts Receivable – Partial Closing

Accounts Receivable – Partial Closing represents a portion of the entrance fees that are deferred for up to one year, in 30-day increments, after a resident signs the promissory note for the partial closing. The receivables are expected to be collected during the immediate subsequent fiscal year and are included in current assets as of December 31, 2024 and 2023. Management determined that no allowance is necessary on the Accounts Receivable – Partial Closing as of December 31, 2024 and 2023.

Investments

Investments are comprised primarily of mutual funds, equity securities, and debt securities and are measured at fair value in the statements of financial position. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income, including interest and dividends, declines in market value deemed to be other than temporary and earnings on investments, are reported as investment income and realized gains and included in the income from operations. The cost of substantially all securities sold is based on the specific identification method. The unrealized gains and losses are included in the performance indicator.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risk associated with certain investments, it is reasonably possible that changes in the value of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Concentration of Credit Risk

The Organization maintains its cash accounts at commercial banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurance limits. The funds on deposit with brokerage accounts are insured by the SIPC up to \$500,000.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or at fair value at the date of donation. It is the policy of the Organization to capitalize long-lived assets with a cost basis of \$2,000 individually or in the aggregate. Depreciation is provided on assets using the straight-line method over the estimated useful lives of the assets. Estimated lives are determined using American Hospital Association guidelines. Useful lives range from 5 to 40 years. Repairs and maintenance are expensed as incurred. Depreciation expense for the years ended December 31, 2024 and 2023 was \$6,023,252 and \$5,642,270, respectively.

The Organization records impairment losses on property and equipment when events and circumstances indicate that it is probable that the assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimation process, no impairment losses have been recorded as of December 31, 2024 and 2023.

Deposits from Prospective Residents

Deposits from prospective residents consist of entrance fee deposits. Entrance fee deposits are received from prospective residents who intend to move into the Organization. Entrance fee deposits generally represent 10% of the total entrance fee for the unit selected. The deposit funds are applied against the total entrance fee upon occupancy or are refunded to the prospective residents if they decide not to move into the Organization.

Deferred Revenue

Nonrefundable entrance fees paid by residents pursuant to a continuing care contract are recorded as deferred revenue and amortized into operating revenue over the actuarially determined life expectancy of each resident or couple, adjusted annually. Upon death of a sole surviving resident, any remaining unamortized portion of the nonrefundable entrance fee is recognized as operating revenue.

Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Obligation to Provide Future Services

The Organization periodically calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred entry fee revenue. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.0% based, in part, on the expected annual increases in monthly fees. This calculation did not result in a liability as of December 31, 2024 and 2023.

Deferred Financing Costs

Deferred financing costs represent expenses (e.g., underwriting, legal, consulting, and other costs) incurred in connection with issuance of debt and are deferred and amortized over the life of the related indebtedness on a straight-line basis, which approximates the effective interest method. The amortization expense on deferred financing costs is included in interest expense and totaled \$49,097 for each of the years ended December 31, 2024 and 2023.

Bond Premium

Bond premium is comprised of the difference between the price at which a bond was sold and its fair value. Bond premium is amortized on a straight-line basis into interest expense over the life of the bonds. The amortization on the bond premium included in interest expense was \$92,509 for each of the years ended December 31, 2024 and 2023, respectively.

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 – Include net assets available for use in general operations and not subject to donor restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2024 and 2023, the governing board has not made this designation.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that, is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance

The Organization maintains professional liability insurance on a claims made basis with no deductible and has coverage in excess of the \$100,000 required under state statute. No claims have been asserted against the Organization. If claims should be asserted arising from past services rendered, management believes that those claims would be settled within the limits of insurance coverage.

Income Taxes

CELCC and CF are exempt from federal and Maryland state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is required. The Organization follows the provisions of the income tax standard regarding the recognition and measurement of uncertain tax positions. The application of these provisions has no impact on the Organization's consolidated financial statements. The Organization's tax returns are subject to review and examination by federal and state authorities.

Performance Indicator

The statement of activities and changes in net assets (deficiency) includes the determination of income or loss from operations which includes the unrealized gains and losses on investments without donor restrictions and net asset transfers.

Resident Services and Health Care Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident services and care. These amounts are due from residents. Generally, the Organization bills the residents monthly for services performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Organization 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 independent and assisted living services or residents receiving other services in the facility. The Organization measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that resident, which is generally at the time of the termination of the resident contract.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments and discounts provided to residents in accordance with the Organization's policy. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience. Substantially all of the Organization's revenue is from private pay and delivered based on the terms of the resident contract.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services and Health Care Revenue (Continued)

The composition of resident care service revenue and amortization of deferred entrance fees based on its lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Service Lines:		
Independent Living	\$ 27,315,120	\$ 26,860,054
Assisted Living	4,954,358	4,002,194
Skilled Care	-	113,219
Total	<u>\$ 32,269,478</u>	<u>\$ 30,975,467</u>
Method of Reimbursement:		
Fee for Service	\$ 31,422,208	\$ 29,779,400
Other	847,270	1,196,067
Total	<u>\$ 32,269,478</u>	<u>\$ 30,975,467</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 31,422,208	\$ 29,779,400
Services Transferred At Point of Sale	847,270	1,196,067
Total	<u>\$ 32,269,478</u>	<u>\$ 30,975,467</u>

The opening and closing balances in Deferred Revenue and Accounts Receivable were as follows:

	Deferred Revenue	Accounts Receivable, Net	Accounts Receivable - Partial Closing
Balance as of January 1, 2023	\$ 36,753,602	\$ 478,619	\$ 1,409,706
Balance as of December 31, 2023	39,225,138	377,651	215,953
Balance as of December 31, 2024	42,874,708	243,372	263,059

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 23, 2025, the date the consolidated financial statements were available to be issued.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LIQUIDITY

Financial assets available for general expenditure within one year of the statement of financial position dates consisted of the following:

	2024	2023
Cash and Cash Equivalents	\$ 2,839,478	\$ 2,230,574
Accounts Receivable, Net and Accounts Receivable - Partial Closing	506,431	593,604
Investments Available for Use	12,847,707	12,908,301
Assets Limited to Use	2,129,624	2,054,159
Total Financial Assets	<u>\$ 18,323,240</u>	<u>\$ 17,786,638</u>

NOTE 3 DEFERRED REVENUE, REFUNDABLE ENTRANCE FEES, AND DEPOSITS

Resident entrance fees, which consist of a refundable and a nonrefundable portion, are paid in full, or through a promissory note from a partial closing, upon occupancy and represent the Organization's obligation to provide continuing care to the residents. Nonrefundable entrance fees are recognized as deferred revenue upon receipt. Refundable entrance fees are recorded as refundable entrance fee liabilities. Refunds of entrance fees for termination prior to occupancy are made within 30 days. For termination after occupancy, including death, any refund is deferred until (i) the unit has been vacated and (ii) the Organization has entered into a Residency Agreement for the same unit with a new resident who has accepted.

The Residency Agreement currently provides three refund options to residents:

- 90% Refundable entrance fee – 90% is fully refundable upon termination and the nonrefundable portion (remaining 10%) becomes nonrefundable at two percent per month over a period of five-months.
- 50% Refundable entrance fee – 50% is fully refundable upon termination and the nonrefundable portion (remaining 50%) becomes nonrefundable at two percent per month over a period of 25-months.
- Nonrefundable entrance fee – becomes nonrefundable at two percent per month over a period of 50-months.

The total contractual refundable amount of the Residency Agreements, which is different than the accounting principles generally accepted in the United States of America (U.S. GAAP) refundable entrance fee liability and deferred revenue from resident entrance fees on the consolidated statements of financial position, is \$30,662,081 and \$27,745,971 as of December 31, 2024 and 2023, respectively.

The nonrefundable portion of these fees is deferred upon occupancy and recognized as income on a straight-line basis over each individual resident's or joint residents' expected remaining lives. Remaining life expectancies are adjusted annually using actuarial decrements based on industry and Collington-specific information. In addition, entrance fees are earned on a joint and last survivor basis for persons occupying the same unit.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

**NOTE 3 DEFERRED REVENUE, REFUNDABLE ENTRANCE FEES, AND DEPOSITS
(CONTINUED)**

Upon termination of a contract through death or withdrawal from the Organization after occupancy, any unamortized nonrefundable deferred entrance fee is recorded as termination income, which is included in amortization of deferred entrance fees on the consolidated statements of operations and changes in net assets (deficiency). Termination income was \$495,828 and \$1,336,642 for the years ended December 31, 2024 and 2023, respectively.

NOTE 4 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

The Organization reports investments and assets whose use is limited at fair value. The estimated fair value of investments and assets whose use is limited as of December 31 is as follows:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 7,621,758	\$ 7,626,805	\$ 7,703,657	\$ 7,717,204
Marketable Equity Securities	16,537,259	14,083,270	16,090,058	13,487,683
Other	453,342	465,625	415,081	409,375
Total Investments and Assets Whose Use is Limited	<u>\$ 24,612,359</u>	<u>\$ 22,175,700</u>	<u>\$ 24,208,796</u>	<u>\$ 21,614,262</u>

Assets whose use is limited, which is reported at fair value and consists of cash and cash equivalents is comprised as follows:

	2024	2023
Debt Service Fund	\$ 2,129,624	\$ 2,054,159
Debt Service Reserve Fund	4,705,283	4,747,326
Total	6,834,907	6,801,485
Less: Current Portion	(2,129,624)	(2,054,159)
Assets Whose Use is Limited, Net of Current Portion	<u>\$ 4,705,283</u>	<u>\$ 4,747,326</u>

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (CONTINUED)

Investment income from investments and assets whose use is limited is as follows:

	2024	2023
Without Donor Restrictions:		
Interest and Dividend Income, Net of Fees	\$ 647,358	\$ 563,512
Net Realized Gain (Loss) on Investments	1,109,203	(468,759)
Net Unrealized Gain (Loss) on Investments	(429,506)	1,584,368
Total Investment Income Without Donor Restrictions	1,327,055	1,679,121
With Donor Restrictions:		
Interest and Dividend Income, Net of Fees	357,051	235,707
Net Realized Gains on Investments	85,522	-
Net Unrealized Gain on Investments	239,518	516,943
Total Investment Income With Donor Restrictions	682,091	752,650
Total Investment Income	<u>\$ 2,009,146</u>	<u>\$ 2,431,771</u>

The Organization performs due diligence on the valuation of their investments. The Organization reviews its portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Management considers in this evaluation factors such as general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of its investment advisors, and the length of time and extent to which the market value has been less than cost, and the ability and intent of the Organization to hold investments in the long-term.

For the years ended December 31, 2024 and 2023, management does not believe that the declines in the market value of investments are considered other-than-temporary.

NOTE 5 LONG-TERM DEBT

On May 1, 2017, the Organization entered into a loan agreement with Prince George's County, Maryland (the County) pursuant to which the County issued \$63,995,000 of Revenue Bonds, Collington Episcopal Life Care Community, Inc., Series 2017 (Series 2017 Bonds). The Series 2017 Bonds mature at varying annual amounts on April 1 between 2018 and 2047. Interest payments are due semiannually on April 1 and October 1, with rates ranging between 3% and 5.25%. The Series 2017 Bonds are secured by a first lien security interest in all present and future receipts, real estate, and personal property of the Organization.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 LONG-TERM DEBT (CONTINUED)

The proceeds of the Series 2017 Bonds were used to refund existing balances from the County, Revenue Bonds, Collington Episcopal Life Care Community, Inc., Series 2006 (Series 2006 Bonds), repay an existing construction loan, finance the costs of certain capital improvements, fund a deposit to the Debt Service Reserve Fund, and pay the costs of issuance.

Long-term debt as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Series 2017 Bonds	\$ 50,970,000	\$ 53,120,000
Add: Bond Premium	2,497,738	2,590,246
Less: Unamortized Debt Issuance Costs and Bond Premium	(1,528,210)	(1,577,306)
Less: Current Maturities of Long-Term Debt	<u>(2,260,000)</u>	<u>(2,150,000)</u>
Long-Term Debt, Net of Current Maturities	<u><u>\$ 49,679,528</u></u>	<u><u>\$ 51,982,940</u></u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 2,260,000
2026	2,370,000
2027	2,485,000
2028	2,610,000
2029	2,740,000
Thereafter	<u>38,505,000</u>
Total	<u><u>\$ 50,970,000</u></u>

Among other things, the Organization is required to meet certain financial covenants under the security agreements related to the Series 2017 Bonds. As of December 31, 2024, management is not aware of any instances of noncompliance with the required covenants.

NOTE 6 MARYLAND DEPARTMENT OF AGING RESERVE REQUIREMENTS

The Maryland Department of Aging requires providers of continuing care to maintain certain operating reserves that equal 25% of the facilities' net operating expenses, as defined by the state, relating to continuing care contracts. The reserves must be kept in reasonably liquid form in the judgment of the provider.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 6 MARYLAND DEPARTMENT OF AGING RESERVE REQUIREMENTS (CONTINUED)

The Organization's required reserves for the years ended December 31, 2024 and 2023 (based on the 12 months ended December 2023 and 2022, respectively) are as follows:

	2024	2023
Maryland Department of Aging Reserves:		
Operating Expenses	\$ 32,445,230	\$ 32,020,805
Less: Depreciation Expense	(5,642,270)	(5,054,019)
Interest Expense	(2,697,767)	(2,798,684)
Net Operating Expenses	<u>\$ 24,105,193</u>	<u>\$ 24,168,102</u>
 Total Operating Reserve (25% of Net Operating Expenses)	 <u>\$ 6,026,298</u>	 <u>\$ 6,042,026</u>
 Required Reserves for the Period Ended December 31 (100% of Total Operating Reserve)	 <u>\$ 6,026,298</u>	 <u>\$ 6,042,026</u>
 Unrestricted Cash and Investments Available for Operating Reserve	 <u>\$ 14,128,211</u>	 <u>\$ 13,403,260</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31, 2024 and 2023:

	2024	2023
Fellowship Fund	\$ 5,029,495	\$ 3,844,109
Scholarship Fund	829,422	613,819
Arts and Culture Fund	42,483	36,082
Auditorium Fund	7,000	5,000
Total	<u>\$ 5,908,400</u>	<u>\$ 4,499,010</u>

NOTE 8 RETIREMENT PLANS

403(b) Plan

The Organization participates in the Kendal Corporation defined contribution plan (the Plan). The Plan contains an employer discretionary grant and/or match component for eligible employees. Eligible employees must have attained age 21, must complete one eligibility year of service and 1,000 hours of service, and work at least 1,000 hours each year to qualify for a match and/or grant. Pursuant to the terms of the Plan, employees are required to make contributions in order to benefit from the Plan only if the Organization makes a matching contribution.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 8 RETIREMENT PLANS (CONTINUED)

403(b) Plan (Continued)

The Organization's grant or matching contribution is discretionary, and eligible employees must have completed 1,000 hours of service during the plan year. Employees are 50% vested in the employer contribution after one (1) year of service; 100% vested after two (2) years of service. All employees are eligible to make contributions to the Plan. The Organization calculated grant and matching contributions to the defined contribution plan of \$301,251 and \$269,319 for the years ended December 31, 2024 and 2023, respectively. These amounts have been accrued as of December 31, 2024 and 2023.

NOTE 9 RELATED PARTY TRANSACTIONS

The Organization entered into an affiliation agreement with The Kendal Corporation in June 2011, by the execution of an *Agreement Between The Kendal Corporation and its Affiliates: Mutual Expectations, System Services, and Financial Understandings*. The agreement calls for the Organization to pay The Kendal Corporation a "System Fee," and provides for certain performance requirements and values-based management and governance standards. A revised affiliation agreement was signed subsequent to year-end in January 2025.

The Organization is affiliated with The Kendal Corporation through bylaw requirements. The Kendal Corporation must approve the election of board members of the Organization and amendments to the articles of incorporation and specific sections of the bylaws of the Organization as well as the incurrence of debt of specified value, changes in corporate purpose; use of the name "Kendal," the substance of resident contracts; and the purchase, sale, lease, or other disposition of any real estate or improvements thereon of a specific value; and dissolution, merger with another entity, division, or acquiring control of another entity.

The System Fee incurred by the Organization for the years ended December 31, 2024 and 2023 was \$882,960 and \$1,030,704, respectively, under the terms of this agreement. The Organization has accounts payable to The Kendal Corporation of \$327,940 and \$234,375 as of December 31, 2024 and 2023, respectively.

The Organization bylaws also specify that the Organization and The Kendal Corporation shall have certain board members in common, and that the president of The Kendal Corporation, or his/her designee, shall be invited to attend the Organization's board meetings *ex officio*.

As of December 31, 2024 and 2023, CELCC has a note payable to CF (the CF Loan) in the amount of \$972,571. Interest expense for the years ended December 31, 2024 and 2023 was \$31,609. Accrued interest as of December 31, 2024 and 2023 was \$89,558 and \$57,949, respectively. The note payable of \$972,571 is due on December 31, 2027. The principal and interest amounts related to the CF Loan are eliminated for the purposes of consolidation.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 FUNCTIONAL EXPENSES

The Organization provides residential living and general healthcare services to its residents. The Organization has nominal fundraising expenses. The functional expenses as of the year ended December 31, 2024, related to providing these services are as follows:

	Care and Service to Residents Program	Management General and Administrative	Fundraising	Total
Salaries and Wages	\$ 9,975,006	\$ 944,575	\$ 163,759	\$ 11,083,340
Payroll Taxes and Fringe Benefits	1,948,149	216,416	-	2,164,565
Other Staff Expenses	212,805	23,645	-	236,450
Medical Supplies	101,944	-	-	101,944
General Supplies	2,098,464	233,163	-	2,331,627
Professional Fees	45,623	5,069	-	50,692
Purchased Services	4,101,016	442,392	13,277	4,556,685
Administrative Expenses	324,927	316,915	29,263	671,105
Utilities	1,589,870	176,652	-	1,766,522
Repairs and Maintenance	856,414	95,157	-	951,571
Insurance	-	514,517	-	514,517
Real Estate Taxes	507,441	56,382	-	563,823
Miscellaneous Plant Costs	1,581	176	-	1,757
Provision for Credit Losses	-	56,732	-	56,732
Depreciation	5,420,927	602,325	-	6,023,252
Interest Expense	-	2,592,684	-	2,592,684
Totals	<u>\$ 27,184,167</u>	<u>\$ 6,276,800</u>	<u>\$ 206,299</u>	<u>\$ 33,667,266</u>

The functional expenses as of the year ended December 31, 2023, related to providing these services are as follows:

	Care and Service to Residents Program	Management General and Administrative	Fundraising	Total
Salaries and Wages	\$ 8,584,192	\$ 829,727	\$ 124,072	\$ 9,537,991
Payroll Taxes and Fringe Benefits	2,126,131	236,237	-	2,362,368
Other Staff Expenses	132,583	14,731	-	147,314
Medical Supplies	67,749	-	-	67,749
General Supplies	2,016,681	224,076	-	2,240,757
Professional Fees	51,642	5,738	-	57,380
Purchased Services	4,036,015	410,172	38,274	4,484,461
Purchased Therapy Services	2,785	-	-	2,785
Administrative Expenses	252,675	314,044	11,371	578,090
Utilities	1,604,745	178,305	-	1,783,050
Repairs and Maintenance	1,446,015	160,668	-	1,606,683
Insurance	-	510,825	-	510,825
Real Estate Taxes	503,023	55,891	-	558,914
Miscellaneous Plant Costs	4,099	455	-	4,554
Provision for Credit Losses	-	162,272	-	162,272
Depreciation	5,078,043	564,227	-	5,642,270
Interest Expense	-	2,697,767	-	2,697,767
Totals	<u>\$ 25,906,378</u>	<u>\$ 6,365,135</u>	<u>\$ 173,717</u>	<u>\$ 32,445,230</u>

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 FUNCTIONAL EXPENSES (CONTINUED)

The Organization allocates functional expenses based on the ratio of square footage under roof between Program and Management. Program and Management areas of the Organization's campus are identified and the square footage is determined for each of these identified areas. The ratio between Program and Management is determined by comparing the specified square footage to the total under roof square footage. A percentage is allocated to the Program and Management functional areas and the expense line items are allocated based on this percentage. After the expenses are allocated, Collington reviews the Program and Management functional expenses and makes adjustments. 100% of Medical Supplies and Purchased Therapy Services are Program expenses. 100% of Administrative Expenses, Insurance, Provision for Credit Losses, and Interest Expense are Management expenses.

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31:

2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable Equity				
Securities	\$ 16,537,259	\$ -	\$ -	\$ 16,537,259
Subtotal	<u>\$ 16,537,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,537,259</u>
Investments Measured at Fair Value				
Using Net Asset Value Per Share				453,342
Total				<u>\$ 16,990,601</u>

2023				
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable Equity				
Securities	\$ 16,090,058	\$ -	\$ -	\$ 16,090,058
Subtotal	<u>\$ 16,090,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,090,058</u>
Investments Measured at Fair Value				
Using Net Asset Value Per Share				415,081
Total				<u>\$ 16,505,139</u>

Investments Measured at Fair Value

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Investments measured at fair value using net asset value per share include limited partnerships and are considered alternative investments. Alternative investments are those not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not readily available. The Organization 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 Net Asset Value (NAV) in accordance with, or in a manner consistent with accounting principles generally accepted in the United States of America (U.S. GAAP).

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Investments Measured at Fair Value (Continued)

As a practical expedient, the Organization is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using reported net asset value (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 U.S. GAAP. The Linkage account which is shown as an investment valued using the net asset value per share in the table below has an unfunded capital commitment of \$159,375.

	Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Notice Period
(a)	Ziegler Link-Age Fund II, LP	\$ 281,013	\$ -	Illiquid
(a)	Ziegler Link-Age Fund III, LP	\$ 172,329	\$ 159,375	Illiquid

(a) These funds are growth-oriented innovation funds, focused on technology, tech-enabled services and emerging care delivery models in the post-acute and aging markets. Across these verticals, the profile of companies in which the Fund will invest will typically have reached commercialization stage with a differentiated solution and are believed to feature prospects for growing revenue.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Litigation

The Organization periodically finds itself a defendant in legal suits that have developed in the normal course of business. Although it is impossible to determine the ultimate resolution of matters that remain unresolved at this time, the Organization believes that the matters will be resolved without significant negative financial impact.

Industry Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Management of the Organization is not aware of any instances of noncompliance with current laws and regulations.

NOTE 13 PAYCHECK PROTECTION PROGRAM LOAN

On May 8, 2020, the Organization received a loan from Truist Bank, a North Carolina banking corporation, in the amount of \$2,469,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). On July 26, 2021, the Small Business Administration (SBA) formally forgave the Organization's obligation under this PPP Loan for \$2,469,000. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's consolidated financial statements.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 14 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operated a trade or business during calendar year 2020 and 2021 and experienced either the full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2024, the Organization determined it met the compliance requirements and conditions of the Employee Retention Credit (ERC) program. The Organization recognized \$2,551,934 as Employee Retention Credit Grant Revenue on the consolidated statements of operations and changes in net assets (deficit) the year ended December 31, 2024. Accordingly, the Organization recognized a receivable in the amount of \$2,551,934 for the year ended December 31, 2024, which is included with other accounts receivable on the consolidated statements of financial position.

There is a possibility that upon subsequent review that the Internal Revenue Service could reach a different conclusion regarding the Organization's eligibility to retain the ERC credits received. That could result in repayment of the credits, interest, and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty.

NOTE 15 SUBSEQUENT EVENTS

On February 21, 2025, CELCC sent a Letter of Intent to request that Prince George's County, Maryland (the County) serve as conduit issuer for a taxable bond issue of up to \$7,500,000 for preliminary development costs in connection with an anticipated redevelopment and expansion project on the existing Collington campus. Collington has entered into a term sheet with Truist Bank whereas Truist Bank is expected to purchase the 2025 Bonds as part of a direct bond placement transaction. The proceeds of the 2025 Bonds will be loaned to Collington on a draw-down basis pursuant to a supplement to the 2017 Loan Agreement between the County and Collington. The 2025 Bonds will be issued on a parity level with the 2017 Bonds and will be equally secured by the revenues of the Borrower and the Deed of Trust. The bonds are expected to be issued in May 2025.

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Collington Episcopal Life Care Community	Collington Foundation	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,548,987	\$ 290,491	\$ -	\$ 2,839,478
Accounts Receivable	386,503	-	-	386,503
Allowance for Credit Losses	(143,131)	-	-	(143,131)
Accounts Receivable - Partial Closing	263,059	-	-	263,059
Other Accounts Receivable	2,551,934	-	-	2,551,934
Prepaid Expenses and Other Assets	694,634	-	-	694,634
Assets Whose Use is Limited, Current	2,129,624	-	-	2,129,624
Due from Affiliates	475,729	-	(475,729)	-
Total Current Assets	8,907,339	290,491	(475,729)	8,722,101
INVESTMENTS	11,579,224	6,198,228	-	17,777,452
ASSETS WHOSE USE IS LIMITED	4,705,283	-	-	4,705,283
NOTE RECEIVABLE FROM COLLINGTON EPISCOPAL LIFE CARE COMMUNITY	-	972,571	(972,571)	-
PROPERTY AND EQUIPMENT				
Land	909,016	-	-	909,016
Land, Building, and Building Improvements	146,668,432	-	-	146,668,432
Furniture and Equipment	11,855,922	-	-	11,855,922
Construction in Progress	2,854,355	-	-	2,854,355
Total	162,287,725	-	-	162,287,725
Less: Accumulated Depreciation	(105,730,630)	-	-	(105,730,630)
Property and Equipment, Net	56,557,095	-	-	56,557,095
INTEREST IN NET ASSETS OF COLLINGTON FOUNDATION, INC.	7,076,915	-	(7,076,915)	-
OTHER ASSETS				
Contributions Receivable from Remainder Trust	-	2,800	-	2,800
Total Assets	<u>\$ 88,825,856</u>	<u>\$ 7,464,090</u>	<u>\$ (8,525,215)</u>	<u>\$ 87,764,731</u>

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Collington Episcopal Life Care Community	Collington Foundation	Eliminations	Total
LIABILITIES AND NET ASSETS (DEFICIENCY)				
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 2,260,000	\$ -	\$ -	\$ 2,260,000
Accounts Payable	3,600,856	1,004	-	3,601,860
Accrued Salaries and Benefits	788,580	-	-	788,580
Accrued Interest	521,935	-	(89,558)	432,377
Entrance Fees and Deposits from Prospects Payable	736,702	-	-	736,702
Due to Affiliates	-	386,171	(386,171)	-
Total Current Liabilities	<u>7,908,073</u>	<u>387,175</u>	<u>(475,729)</u>	<u>7,819,519</u>
LONG-TERM LIABILITIES				
Long-Term Debt, Net of Current Maturities	49,679,528	-	-	49,679,528
NOTE PAYABLE TO COLLINGTON FOUNDATION, INC.	972,571	-	(972,571)	-
REFUNDABLE ENTRANCE FEE LIABILITY	14,498,803	-	-	14,498,803
DEFERRED REVENUE FROM RESIDENT ENTRANCE FEES	<u>42,874,708</u>	<u>-</u>	<u>-</u>	<u>42,874,708</u>
Total Liabilities	115,933,683	387,175	(1,448,300)	114,872,558
NET ASSETS (DEFICIENCY)				
Net Assets (Deficiency) Without Donor Restrictions	(34,184,742)	(1,103,920)	2,272,435	(33,016,227)
Net Assets With Donor Restrictions	<u>7,076,915</u>	<u>8,180,835</u>	<u>(9,349,350)</u>	<u>5,908,400</u>
Total Net Assets (Deficiency)	<u>(27,107,827)</u>	<u>7,076,915</u>	<u>(7,076,915)</u>	<u>(27,107,827)</u>
Total Liabilities and Net Assets (Deficiency)	<u><u>\$ 88,825,856</u></u>	<u><u>\$ 7,464,090</u></u>	<u><u>\$ (8,525,215)</u></u>	<u><u>\$ 87,764,731</u></u>

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATING STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIENCY)
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Collington Episcopal Life Care Community	Collington Foundation	Eliminations	Total
REVENUE				
Net Residential Services Revenue	\$ 21,701,621	\$ -	\$ -	\$ 21,701,621
Health Care Revenue	4,647,985	-	-	4,647,985
Amortization of Deferred Entrance Fees	5,072,602	-	-	5,072,602
Ancillary Income	641,521	-	-	641,521
Investment Income and Realized Gains	1,725,294	62,876	(31,609)	1,756,561
Contributions	198,178	326,118	(198,178)	326,118
Employee Retention Credit Grant Revenue	2,551,934	-	-	2,551,934
Net Assets Released from Restrictions	-	344,874	-	344,874
Other Income	205,749	-	-	205,749
Total Revenue	36,744,884	733,868	(229,787)	37,248,965
EXPENSES				
General and Administrative	10,867,548	816,438	(198,178)	11,485,808
Plant and Environmental Services	4,854,639	-	-	4,854,639
Health Care	763,639	-	-	763,639
Dining Services	4,677,207	-	-	4,677,207
Utilities	1,766,522	-	-	1,766,522
Real Estate Taxes	563,823	-	-	563,823
Affiliation and System Fee	882,960	-	-	882,960
Depreciation	6,023,252	-	-	6,023,252
Interest	2,624,293	-	(31,609)	2,592,684
Provision for Credit Losses	56,732	-	-	56,732
Total Expenses	33,080,615	816,438	(229,787)	33,667,266
INCOME (LOSS) FROM OPERATIONS BEFORE OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	3,664,269	(82,570)	-	3,581,699
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net Unrealized Gain (Loss) on Investments	(446,428)	16,922	-	(429,506)
Net Asset Transfer	-	(978,655)	-	(978,655)
Total Other Changes in Net Assets Without Donor Restrictions	(446,428)	(961,733)	-	(1,408,161)
INCOME (LOSS) FROM OPERATIONS				
	3,217,841	(1,044,303)	-	2,173,538
NET ASSETS WITH DONOR RESTRICTIONS				
Increase in Interest in Collington Foundation, Inc.	365,087	-	(365,087)	-
Investment Income and Realized Gains	-	442,573	-	442,573
Unrealized Gain on Investments	-	239,518	-	239,518
Contributions	-	93,518	-	93,518
Net Assets Released from Donor Restrictions and Used in Operations	-	(344,874)	-	(344,874)
Net Asset Transfer	-	978,655	-	978,655
Increase in Net Assets with Donor Restrictions	365,087	1,409,390	(365,087)	1,409,390
CHANGE IN NET ASSETS (DEFICIENCY)				
	3,582,928	365,087	(365,087)	3,582,928
Net Assets (Deficiency) - Beginning of Year	(30,690,755)	6,711,828	(6,711,828)	(30,690,755)
NET ASSETS (DEFICIENCY) - END OF YEAR				
	<u>\$ (27,107,827)</u>	<u>\$ 7,076,915</u>	<u>\$ (7,076,915)</u>	<u>\$ (27,107,827)</u>

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Collington Episcopal Life Care Community	Collington Foundation	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets (Deficiency)	\$ 3,582,928	\$ 365,087	\$ (365,087)	\$ 3,582,928
Adjustments to Reconcile Change in Net Assets (Deficiency) to Net Cash Provided by Operating Activities:				
Depreciation	6,023,252	-	-	6,023,252
Provision for Credit Losses	56,732	-	-	56,732
Amortization of Resident Entrance Fees	(5,072,602)	-	-	(5,072,602)
Amortization of Deferred Financing Costs	49,097	-	-	49,097
Amortization of Bond Premium	(92,509)	-	-	(92,509)
Proceeds from Nonrefundable Entrance Fees	8,513,788	-	-	8,513,788
Net Unrealized and Realized Gains on Investments and Assets Whose Use is Limited	(662,775)	(341,962)	-	(1,004,737)
Increase in Interest in Collington Foundation, Inc.	(365,087)	-	365,087	-
(Increase) Decrease in Assets:				
Accounts Receivable	77,547	-	-	77,547
Other Receivables	(2,551,934)	-	-	(2,551,934)
Prepaid Expenses and Other Assets	(26,845)	26,400	-	(445)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Expenses	1,456,576	1,004	-	1,457,580
Accrued Interest Payable	13,692	-	(31,609)	(17,917)
Net Change in Due to (from) Affiliates	106,788	(138,397)	31,609	-
Net Cash Provided (Used) by Operating Activities	11,108,648	(87,868)	-	11,020,780
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment	(7,459,943)	-	-	(7,459,943)
Purchases of Investments and Assets Limited as to Use	(3,149,034)	(117,300)	-	(3,266,334)
Sales of Investments and Assets Limited as to Use	3,768,708	121,193	-	3,889,901
Net Cash Provided (Used) by Investing Activities	(6,840,269)	3,893	-	(6,836,376)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Refundable Entrance Fees	1,903,041	-	-	1,903,041
Refunds for Entrance Fees	(3,306,148)	-	-	(3,306,148)
Principal Payments of Long-Term Debt	(2,150,000)	-	-	(2,150,000)
Net Cash Used by Financing Activities	(3,553,107)	-	-	(3,553,107)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	715,272	(83,975)	-	631,297
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,833,715	920,477	-	2,754,192
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,548,987</u>	<u>\$ 836,502</u>	<u>\$ -</u>	<u>\$ 3,385,489</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest	<u>\$ 2,654,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,654,013</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH				
Cash and Cash Equivalents	\$ 2,548,987	\$ 290,491	\$ -	\$ 2,839,478
Restricted Cash	-	546,011	-	546,011
Total Cash and Restricted Cash	<u>\$ 2,548,987</u>	<u>\$ 836,502</u>	<u>\$ -</u>	<u>\$ 3,385,489</u>

Collington Episcopal Life Care Community
Cash Flow Statement
Projections: 2023 - 2027

	12/31/2023 Actual	12/31/24 Actual	12/31/2025 Projected	12/31/2026 Projected	12/31/2027 Projected
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase (Decrease) in Net Assets	\$ 1,417,864	\$ 1,031,526	\$ (627,686)	\$ 106,844	\$ 211,647
Earned Entrance Fees	(5,543,058)	(5,072,602)	(5,000,000)	(5,250,000)	(5,512,500)
Entrance Fees Received (net of refunds)	9,312,427	7,110,682	7,252,896	7,615,540	7,996,317
Depreciation	5,642,270	6,023,252	5,650,903	5,450,903	5,550,903
Amortization	49,097	49,097	(49,097)	(49,097)	(49,097)
Unrealized (Gain) Loss on Investments	(1,552,660)	446,428	400,000	400,000	450,000
(Increase) Decrease in:					
Accounts Receivable	(316,676)	241,065	300,000	300,000	300,000
Interest in Collington Foundation	(260,380)	(365,087)	-	-	-
Prepaid Exp/Inventory	(32,220)	(25,859)	100,000	100,000	100,000
(Decrease) Increase in:					
Accounts Payable	(361,863)	1,439,502	500,000	500,000	500,000
Accrued Expenses	27,334	15,901	50,000	50,000	50,000
Interest Payable	13,900	13,692	(15,000)	(15,000)	(15,000)
Net Cash Provided (Used) by Operating Activities	\$ 8,396,035	\$ 10,907,597	\$ 8,562,016	\$ 9,209,190	\$ 9,582,270
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment	(9,705,735)	(5,150,124)	(5,500,000)	(5,750,000)	(6,000,000)
Construction in Progress	3,406,083	(2,252,998)	3,000,000	3,000,000	3,000,000
Unrealized Gain (Loss) on Investments	1,552,660	(446,428)	450,000	400,000	450,000
Net Cash Provided (Used) by Investing Activities	\$ (4,746,992)	\$ (7,849,550)	\$ (2,050,000)	\$ (2,350,000)	\$ (2,550,000)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payment - Primary LT Debt	(2,045,000)	(2,150,000)	(2,260,000)	(2,370,000)	(2,485,000)
Bond Premium - Series 2017 Bonds	(92,509)	(92,509)	(92,509)	(92,509)	(92,509)
Other Items					
Equipment Lease	-	190	-	-	-
Foundation Note Payable	-	-	-	-	-
Net Cash Provided (Used) by Financing Activities	\$ (2,137,509)	\$ (2,242,319)	\$ (2,352,509)	\$ (2,462,509)	\$ (2,577,509)
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	\$ 1,511,534	\$ 815,728	\$ 4,159,507	\$ 4,396,681	\$ 4,454,761
CASH AND INVESTMENTS - Beginning of Period	18,853,345	20,363,961	21,019,941	25,179,448	29,576,129
CASH AND INVESTMENTS - End of Period	20,363,961	21,019,941	25,179,448	29,576,129	34,030,890

Collington Episcopal Life Care Community, Inc.
Disclosure Statement
April 2025

Schedule D

COLLINGTON EPISCOPAL LIFE CARE COMMUNITY, INC.
Board Members 2025-2026

BOARD MEMBER	TERM EXPIRES	NOTES
Alexis Allen-Shorter	2027	PG County, Department of Economic Development
Christal Batey	2026	Senior Care
Peter Cochran	2027	Retired, Business
Richard Garrison	2025*	Retired, Lawyer
Matt Lewis	2027*	Business
Zan Smith	2027*	Nursing
Rosalind Muchiri	2027*	Philanthropy
Charlie Clapper	2027*	Retired, Business
Greg Niblett	2027	Business
Adam Osteryoung	2025	CPA
Lori Simon-Rusinowitz	2027	Educator
Doreen Bickel	2026*	Retired, Human Resources
Vikki Kalitsi	2026*	Business
Marsha Voight	2026*	Retired, Business

*option to renew for an additional three-year term

Collington Episcopal Life Care Community, Inc.
Disclosure Statement
April 2025

Schedule E

Operating Reserves

The information below is taken directly from Collington's 2023 Audited Financial Statements.

The Maryland Department of Aging requires providers of continuing care to maintain certain operating reserves that equal 25% of the facilities' net operating expenses, as defined by the state, relating to continuing care contracts. The reserves must be kept in reasonably liquid form in the judgment of the provider.

The Organization's required reserves for the years ended December 31, 2023, and 2022 (based on the 12 months ended December 2022 and 2021, respectively) are as follows:

	<u>2024</u>	<u>2023</u>
Maryland Department of Aging Reserves:		
Operating Expenses	32,445,230	\$32,020,805
Less: Depreciation Expenses	(5,642,270)	(5,054,019)
Interest Expense	<u>(2,697,767)</u>	<u>(2,798,684)</u>
Net Operating Expenses	<u>24,105,193</u>	<u>\$24,168,102</u>
Total Operating Reserve		
(25% and 15% of Net Operating Expenses for the years ended December 31, 2023, and 2022, respectively)	6,026,298	<u>\$6,042,026</u>
Required Reserves for the Period Ended		
December 31 (100% of Total Operating Reserve)	<u>6,026,298</u>	<u>\$6,042,026</u>
Unrestricted Cash and Marketable Securities Available		
For Operating Reserve	<u>14,128,211</u>	<u>\$13,403,260</u>