Brio Living Services and Affiliates

Consolidated Financial Report
with Supplemental Information
June 30, 2026

Brio Living Services and Affiliates

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Independent Auditor's Report

To the Board of Trustees
Brio Living Services and Affiliates

Opinion

We have audited the consolidated financial statements of Brio Living Services and Affiliates (the "Organization"), which comprise the consolidated balance sheet as of June 30, 2026 and 2025 and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025 and the results of its operations and its 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 *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 auditor's 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 audits 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.

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To the Board of Trustees
Brio Living Services and Affiliates

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

October 29, 2026

Brio Living Services and Affiliates

Consolidated Balance Sheet

June 30, 2026 and 2025

	2026	2025
Assets		
Current Assets		
Cash	$ 65,528,185	$ 49,727,560
Resident accounts receivable - Net (Note 3)	6,019,813	6,668,061
Accounts receivable - Affiliates (Note 18)	889,229	309,150
Current portion of pledges receivable (Note 4)	1,397,001	1,795,340
Other current assets	2,850,549	2,606,722
Total current assets	76,684,777	61,106,833
Assets Limited as to Use (Note 5)	90,856,991	80,645,435
Property and Equipment - Net (Note 6)	258,043,086	233,530,206
Beneficial Interest in Trust	1,945,336	1,856,893
Pledges Receivable (Note 4)	2,852,700	3,772,333
Right-of-use Asset - Net (Note 11)	92,416	116,524
Other Noncurrent Assets		
Investment in and loans due from related organizations (Note 18)	4,093,870	3,877,063
Fair value of interest swap agreements (Note 10)	495,085	6,772
Other noncurrent assets	187,117	206,827
Total assets	**$ 435,251,378**	**$ 385,118,886**

Brio Living Services and Affiliates

Consolidated Balance Sheet (Continued)

June 30, 2026 and 2025

	2026	2025
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 10,558,851	$ 4,202,118
Current portion of long-term debt (Note 9)	3,472,969	3,232,260
Current portion of lease liability (Note 11)	22,853	21,526
Current portion of refundable advances on life leases (Note 12)	4,619,200	4,863,200
Estimated third-party payor settlements	940,842	3,681
Accrued liabilities and other (Note 7)	17,144,348	16,662,760
Total current liabilities	36,759,063	28,985,545
Long-term Debt - Net of current portion (Note 9)	120,011,460	103,122,567
Line of Credit (Note 8)	-	3,403,694
Finance Lease Liability - Net of current portion (Note 11)	72,699	95,552
Other Long-term Liabilities		
Deferred life lease income (Note 12)	39,147,068	35,806,495
Refundable advances on life leases - Net of current portion (Note 12)	64,023,984	54,793,547
Fair value of interest rate swap agreements (Note 10)	163,558	429,628
Other long-term liabilities	143,190	136,016
Total other long-term liabilities	103,477,800	91,165,686
Total liabilities	260,321,022	226,773,044
Net Assets		
Without donor restrictions	113,384,378	99,482,552
With donor restrictions (Notes 14 and 15)	43,825,378	42,104,831
Without donor restrictions - Noncontrolling interest	17,720,600	16,758,459
Total net assets	174,930,356	158,345,842
Total liabilities and net assets	**$ 435,251,378**	**$ 385,118,886**

Brio Living Services and Affiliates

Consolidated Statement of Activities

Years Ended June 30, 2026 and 2025

	2026	2025
Operating Revenue		
Net service revenue (Note 3)	$ 189,327,426	$ 172,795,724
Investment income	3,657,787	3,864,596
Life lease income (Note 12)	6,363,990	5,048,042
Contributions	390,300	723,378
Grant revenue	1,360,984	2,876,290
Other operating revenue	6,930,657	6,620,211
Net assets released from restrictions used in operations	2,445,222	1,349,559
Total operating revenue	210,476,366	193,277,800
Operating Expenses		
Salaries and wages	71,394,676	66,933,462
Employee benefits and payroll taxes	14,923,289	13,816,278
Operating supplies and expenses	8,619,589	8,753,150
Professional services and consultant fees	67,841,737	68,175,936
Repairs and maintenance	2,981,841	2,628,082
Utilities	5,168,336	4,890,804
Depreciation	16,028,063	15,933,293
Interest	4,713,365	3,628,320
Property taxes	1,876,211	1,773,724
Amortization of right-of-use asset	24,108	174,808
Credit loss expense	81,262	376,472
Quality Assurance Assessment	716,567	700,976
Other	9,388,754	8,752,974
Total operating expenses	203,757,798	196,538,279
Operating Income (Loss)	6,718,568	(3,260,479)
Nonoperating Income (Loss)		
Unrealized gain on investments (Note 5)	3,359,041	441,801
Change in value of charitable gift annuities	(4,953)	(5,620)
Change in fair value of interest rate swap agreements (Note 10)	754,382	(313,657)
(Loss) gain from investments in joint ventures (Note 18)	(77,194)	422,606
Total nonoperating income	4,031,276	545,130
Excess of Revenue Over (Under) Expenses	10,749,844	(2,715,349)
Transfer (to) from Affiliate	(72,160)	597,232
Net Assets Released from Restrictions for Capital Purposes	4,186,283	1,561,804
Increase (Decrease) in Net Assets without Donor Restrictions	**$ 14,863,967**	**$ (556,313)**
Amounts Attributable to Noncontrolling Interest and Controlling Interest		
Consolidated increase (decrease) in net assets without donor restrictions attributable to:		
Noncontrolling interest	$ 962,141	$ 641,147
Controlling interest	13,901,826	(1,197,460)
Consolidated increase (decrease) in net assets without donor restrictions	**$ 14,863,967**	**$ (556,313)**

See notes to consolidated financial statements.

Brio Living Services and Affiliates

Consolidated Statement of Changes in Net Assets

Years Ended June 30, 2026 and 2025

	Without Donor Restrictions - Controlling Interest	Without Donor Restrictions - Noncontrolling Interest	With Donor Restrictions	Total
Balance - July 1, 2024	$ 100,680,012	$ 16,117,312	$ 36,272,366	$ 153,069,690
Excess of revenue (under) over expenses	(3,356,496)	641,147	-	(2,715,349)
Net assets released from restrictions for capital purposes	1,561,804	-	-	1,561,804
Transfer from affiliate	597,232	-	-	597,232
Restricted contributions	-	-	5,944,370	5,944,370
Restricted investment income	-	-	2,813,536	2,813,536
Other	-	-	(82,459)	(82,459)
Change in value of beneficial interest in trust	-	-	68,381	68,381
Net assets released from restrictions	-	-	(2,911,363)	(2,911,363)
Balance - June 30, 2025	99,482,552	16,758,459	42,104,831	158,345,842
Excess of revenue over expenses	9,787,703	962,141	-	10,749,844
Net assets released from restrictions for capital purposes	4,186,283	-	-	4,186,283
Transfer to affiliate	(72,160)	-	-	(72,160)
Restricted contributions	-	-	3,524,743	3,524,743
Restricted investment income	-	-	4,591,331	4,591,331
Other	-	-	38,378	38,378
Change in value of beneficial interest in trust	-	-	197,600	197,600
Net assets released from restrictions	-	-	(6,631,505)	(6,631,505)
Balance - June 30, 2026	**$ 113,384,378**	**$ 17,720,600**	**$ 43,825,378**	**$ 174,930,356**

See notes to consolidated financial statements.

Brio Living Services and Affiliates

Consolidated Statement of Cash Flows

Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities		
Increase in net assets	$ 16,584,514	$ 5,276,152
Adjustments to reconcile increase in net assets to net cash and restricted cash from operating activities:		
Depreciation	16,028,063	15,933,293
Amortization of finance lease	24,108	174,808
Net realized and unrealized gain on investments	(9,297,833)	(5,108,976)
Amortization of deferred debt issuance costs, discount, and premium	(20,529)	(106,492)
Credit loss expense	81,262	376,472
Amortization of deferred life lease income	(6,363,990)	(5,048,042)
Proceeds from deferred life leases	10,121,344	11,203,203
Refunds of deferred life leases	(425,469)	(350,512)
Loss (gain) from investment in joint ventures	77,194	(422,606)
Change in fair value of interest rate swap agreements	(754,382)	313,657
Change in value of beneficial interest in trust	(197,600)	(68,381)
Restricted contributions	(3,520,656)	(5,940,283)
Transfer to (from) affiliate	72,160	(597,232)
Changes in operating assets and liabilities that provided (used) cash and restricted cash:		
Resident accounts receivable	566,986	993,910
Accounts receivable - Affiliates	(580,079)	(188,606)
Pledges receivable	1,317,972	2,766,536
Other assets	(78,961)	(981,404)
Accounts payable	(504,883)	(3,377,080)
Accrued and other liabilities	1,418,748	3,628,112
Net cash and restricted cash provided by operating activities	24,547,969	18,476,529
Cash Flows from Investing Activities		
Purchase of property and equipment	(33,679,327)	(28,553,647)
Purchases of investments	(68,955,708)	(3,265,298)
Proceeds from sale and maturities of investments	66,494,075	1,410,747
Investment in PACE of Southwest Michigan, Inc.	-	(2,040,000)
Investment in Atrio Home Care	(230,000)	-
Issuance of note receivable	(100,000)	-
Net cash and restricted cash used in investing activities	(36,470,960)	(32,448,198)
Cash Flows from Financing Activities		
Payments on line of credit	(3,403,694)	-
Net proceeds from line of credit	-	3,403,694
Principal payments on long-term debt	(3,125,622)	(3,042,392)
Proceeds from issuance of long-term debt	21,733,105	12,400,615
Payment of debt issuance costs	(1,457,352)	(307,905)
Proceeds from refundable life lease obligations	13,268,232	9,305,449
Refunds of refundable life lease obligations	(4,273,107)	(4,595,138)
Payments on lease liabilities	(21,526)	(233,008)
Change in other long-term liabilities	7,174	(13,905)
Restricted contributions	3,520,656	5,940,283
Transfer (to) from affiliate	(72,160)	597,232
Net cash and restricted cash provided by financing activities	26,175,706	23,454,925
Net Increase in Cash and Restricted Cash	14,252,715	9,483,256
Cash and Restricted Cash - Beginning of year	57,507,803	48,024,547
Cash and Restricted Cash - End of year	**$ 71,760,518**	**$ 57,507,803**
Classification of Cash and Restricted Cash		
Cash	$ 65,528,185	$ 49,727,560
Restricted cash in assets limited as to use	6,232,333	7,780,243
Total cash and restricted cash	**$ 71,760,518**	**$ 57,507,803**
Supplemental Cash Flow Information - Cash paid for interest	$ 4,699,038	$ 3,914,714
Significant Noncash Transactions		
Right-of-use asset and finance lease obligation	$ -	$ 120,536
Property and equipment in accounts payable	6,861,616	462,585

See notes to consolidated financial statements.

Note 1 - Nature of Business

United Methodist Retirement Communities, Inc. and Affiliates d/b/a Brio Living Services and Affiliates (the "Organization") is a faith-based organization dedicated to Christian, compassionate, and creative responses to the provision of health care, housing, and supportive services to older adults. The Organization, governed by a board of trustees, provides housing, health care, and other related services to residents.

The following organizations are affiliated with the Organization and have been consolidated in accordance with accounting principles generally accepted in the United States of America:

- United Methodist Retirement Communities, Inc. d/b/a Brio Living Services (Brio) was established to provide housing, health care, memory care, and other related services to residents through the operation of a continuing care retirement community in Chelsea, Michigan (Chelsea Retirement Community) and independent living cottages in Dexter, Michigan (Cedars of Dexter).
- United Methodist Retirement Communities, Inc. (UMRC) and Porter Hills Foundation (the "Foundation") is a Michigan nonprofit organization established to control and manage the unrestricted and donor-restricted investments for the benefit of Brio. Brio is the sole corporate member of the Foundation.
- Porter Hills Presbyterian Village, Inc. (Porter Hills) was established to provide housing, health care, memory care, and other related services to residents through the operation of a continuing care retirement community in Grand Rapids, Michigan. Brio is the sole corporate member of Porter Hills Presbyterian Village, Inc.
- Porter Hills Home Health Services West (Home Health) was established to provide skilled home care to residents of the western Michigan area. Porter Hills is the sole corporate member of Home Health. In June 2026, the Organization ceased operations of Home Health when it invested in Atrio Home Care, as disclosed below.
- Cook Valley Estates (Cook Valley) was established during the year ended June 30, 1999 to provide independent housing for the elderly in Grand Rapids, Michigan. Cook Valley Estates functions under Porter Hills Presbyterian Village, Inc.'s federal ID. Porter Hills is the sole corporate member of Cook Valley.
- Meadowlark Retirement Community (Meadowlark) was purchased during the year ended June 30, 1998 to provide assisted living care, memory care, and independent living for the elderly in Sparta, Michigan. Porter Hills is the sole corporate member of Meadowlark.
- Detroit Affordable Assisted Living Limited Dividend Housing Association Limited Partnership (DAAL) was formed as a limited partnership on February 25, 2010 under the laws of the Michigan Uniform Partnership Act, as regulated by the Michigan State Housing Development Authority (MSHDA), for the purpose of constructing and operating a rental housing project. DAAL commenced operations in March 2013. DAAL is an 80-unit elderly affordable assisted living facility in Detroit, Michigan. DAAL has qualified for and been allocated low-income housing tax credit as of May 10, 2011 pursuant to Internal Revenue Code Section 42. The Organization is a 0.0051 percent general partner in DAAL. The Organization controls the major operating and financial policies of DAAL. Under the terms of a Regulatory Agreement executed in connection with obtaining a HOME loan, MSHDA regulates rental rates and distributions to owners. The Regulatory Agreement contains requirements, including operating policies, maintaining a reserve fund for replacement, maintaining an operating insurance escrow, and limiting distributions to owners.

Note 1 - Nature of Business (Continued)

- Washtenaw PACE, Inc. d/b/a Huron Valley PACE (Huron Valley PACE); The Cascade PACE, Inc. d/b/a Thome PACE (Thome PACE); and LifeCircles, Inc. (LifeCircles) are all Michigan nonprofit organizations that operate Programs of All-inclusive Care for the Elderly (PACE) in Michigan in the Ypsilanti, Jackson, Muskegon, and Holland areas and communities surrounding them. Once an individual has been enrolled in a PACE, all of his or her medical needs must be provided, according to the participant plan, through the staff of the PACE and its network of providers. The Organization has a 100 percent and 80 percent controlling financial interest in Huron Valley PACE and Thome PACE, respectively. Porter Hills Presbyterian Village, Inc. has a 53.2 percent controlling interest in LifeCircles. The Organization has guaranteed approximately $5,700,000 and $1,400,000 of indebtedness incurred by Huron Valley PACE and Thome PACE, respectively. Huron Valley PACE, Thome PACE, and LifeCircles commenced operations in March 2014, March 2016, and May 2007, respectively.

- Bailey's Grove Retirement Community, Inc. (Bailey's Grove); Sparta Retirement Community, Inc. d/b/a Harvest Way Retirement Community, Inc. (Harvest Way); Senora Woods Retirement Community, Inc. d/b/a Oak Ridge Retirement Community, Inc. (Oak Ridge); River Grove Retirement Community, Inc. (River Grove); Station Creek Retirement Community, Inc. (Station Creek); and Walker Meadow Retirement Community, Inc. (Walker Meadow) (collectively, the "HUDs"), of which Porter Hills Presbyterian Village, Inc. is the sole member of each, were established to provide affordable independent housing for the elderly in western Michigan. The HUDs operate under Section 202 of the National Housing Act and are regulated by the U.S. Department of Housing and Urban Development (U.S. HUD) with respect to rental charges and operating methods. A Regulatory Agreement with U.S. HUD was signed in connection with the mortgage note.

- Porter Hills at Home d/b/a Avenues (Avenues by Porter Hills) was established during the year ended June 30, 2012 as a membership program for the elderly of the western Michigan area who want to live at home and have services come to them. Avenues by Porter Hills is a wholly owned subsidiary of Porter Hills.

- UMRCPH, Inc. was established on November 15, 2019 to provide management support for the Organization.

- The Organization includes entities that compose an obligated group, United Methodist Retirement Communities, Inc. d/b/a Brio Living Services Obligated Group (the "Obligated Group"), as defined by the master trust indenture, amended and restated as of September 1, 2013, which includes the accounts of the following entities: Brio, the Foundation, Porter Hills, Home Health, Cook Valley, and Meadowlark.

The Organization is also affiliated with the following entities, which are not required to be consolidated in accordance with accounting principles generally accepted in the United States of America; the investment in these entities is accounted for in the Organization's consolidated financial statements under the equity method:

- Sylvan Pines Limited Dividend Housing Associated LLC (Sylvan Pines) is an affordable housing project with which the Organization has a management agreement. The Organization is a 1 percent member of Sylvan Pines.

- Emmanuel Hospice is a joint venture agreement with St. Ann's Home, Inc.; Clark Retirement Communities, Inc.; and Sunset Manor, Inc. This joint venture provides hospice services to residents of the western Michigan area. Porter Hills Presbyterian Village, Inc. is an 18 percent member of Emmanuel Hospice.

Note 1 - Nature of Business (Continued)

- EHCO Group, LLC d/b/a Tandem 365 (Tandem 365) is a joint venture agreement with Clark Retirement Communities Inc.; Holland Home; Life EMS; and Sunset Manor, Inc. This joint venture partners with insurance companies insuring individuals in western Michigan to provide assistance to the individuals with health care coordination and other health care needs. Porter Hills Presbyterian Village, Inc. is a 20 percent member.
- Thome Rivertown Neighborhood Senior Non-Profit Housing Corporation d/b/a Rivertown Senior Apartments, of which the Organization is a 50 percent owner
- PACE of Southwest Michigan, Inc. is a joint venture agreement with Region IV Area Agency on Aging, Inc., which provides all-inclusive care for seniors, of which the Organization is a 51 percent owner. Each shareholder is entitled to one vote regardless of individual holdings.
- In May 2026, the Organization became a 20 percent owner in Atrio Home Care, which is a joint venture agreement with Trillium Institute and Resthaven and provides home health care services for seniors.

Note 2 - Significant Accounting Policies

Use of Estimates

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

Cash

The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. During the years ended June 30, 2026 and 2025, the Organization had cash balances that exceeded the insured limits.

Resident Accounts Receivable

Accounts receivable for residents, insurance companies, and governmental agencies are based on net charges. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivable. The Organization calculates the allowance using an expected loss model that considers the Organization's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Organization considers the age of the accounts, changes in collection patterns, the composition of the accounts by payor type, payor credit risk, and general industry conditions when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Accounts receivable for residents at July 1, 2024 were $8,038,443.

Note 2 - Significant Accounting Policies (Continued)

Assets Limited as to Use

Assets limited as to use include assets designated by the board of trustees to fund benevolent care, future capital purchases, and endowment assets, which include amounts over which the board retains control and may, at its discretion, subsequently use for other purposes. Also included are unexpended assets that are time or purpose restricted by donors. Assets limited as to use also include deposits to a bond debt services reserve and bond sinking funds for the Series 2020, 2019, and 2013 limited obligation revenue bonds and deposits to regulatory reserves, as required by the DAAL and HUD Regulatory Agreements. The bond agreements required that assets be set aside for the payment of principal and interest related to the bonds. Assets limited as to use also include deposits made on future entrance fee contracts.

Investments

Investments in mutual funds and equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet and are considered trading securities. Fair value is primarily based on quoted market prices. Alternative investments in multistrategy and hedge funds are measured at net asset value (NAV) of the investment companies. Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends, is included as a component of the change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Pledges Receivable

Pledges receivable include unconditional promises to give that are expected to be collected in future years. The pledges are recorded as contributions with donor restrictions at the present value of future cash flows. The discounts on the pledged amounts approximate current market rates at initial recognition. Amortization of the discounts is reported as contributions in the net assets with donor restrictions class.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is computed principally on a straight-line basis over the estimated useful lives of the assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs of maintenance and repairs are charged to expense when incurred.

Interest Rate Swaps

Interest rate swaps are recognized as assets or liabilities at fair value. Realized gains and losses on interest rate swaps are classified as a component of change in net assets without donor restrictions.

Note 2 - Significant Accounting Policies (Continued)

Debt Issuance Costs and Bond Issuance Premium

Deferred financing fees and a bond issuance premium were incurred by the Organization in connection with obtaining the bond financing. Debt issuance costs are recorded as a reduction to long-term debt and are amortized as an increase to interest expense ratably over the term of the debt. The bond issuance premium is recorded as an increase to long-term debt and is amortized as a decrease to interest expense ratably over the term of the bonds. Net amortization totaling $20,529 and $106,492 for 2026 and 2025, respectively, was recognized as a reduction to interest expense ratably over the term of the debt.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Net Service Revenue

Resident care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from residents or third-party payors. The Organization considers any amounts not collected to represent a credit loss expense. Performance obligations are determined based on the nature of the services provided by the Organization. The majority of the Organization's health care services represent a bundle of services that are not capable of being distinct and, as such, are treated as a single performance obligation satisfied over time as services are rendered.

Brio, Porter Hills, Home Health, Cook Valley, and Meadowlark

The Organization has concluded that each day that a resident receives services represents a separate contract and performance obligation based on the fact that residents have unilateral rights to terminate the contract with either advanced notice or a change in care needs with no penalty or compensation due. The Organization recognizes revenue under the residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts rather than allocating the consideration and separately accounting for it. The Organization has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 842-10-15-42 and has concluded that the nonlease components of the agreements with respect to its communities are the predominant component of the contracts; therefore, the Organization recognizes revenue for these residency agreements under ASC 606. The nonlease components consist of access to health care services, as needed; food; housekeeping; laundry; and other services.

The Organization also provides certain ancillary services that are not included in the bundle of services and, as such, are treated as separate performance obligations satisfied over time as the services are rendered.

Note 2 - Significant Accounting Policies (Continued)

Entrance fee contracts generally contain two payment streams: the entrance fees and the monthly fees. Both the entrance fees and monthly fees are specified in the contract with the resident. The entrance fees are fixed amounts paid at the time the contract is signed and the resident takes occupancy. Entrance fees are a combination of refundable and nonrefundable.

Refundable entrance fees are those entrance fees that are guaranteed to be refunded regardless of when the contract is terminated. The refundable portion of entrance fees is not included in the transaction price, as the Organization expects to refund those amounts to residents. Nonrefundable entrance fees are those entrance fees that are refundable on a decreasing basis for a fixed period of time, at which point the entrance fees become nonrefundable and would be considered part of the transaction price.

The nonrefundable portion of the entrance fees represents a right to the resident of access to future services. This right is deemed to be the Organization's performance obligation. The nonrefundable portion is recorded as deferred revenue from entrance fees and is amortized to income using a time-based measurement to recognize revenue over the expected estimated resident life, beginning with the move-in date through the estimated remaining life of a resident.

The Organization recognizes the monthly fee component of entrance fees as revenue when the services for the month are performed (that is, the Organization satisfies the performance obligation).

The Organization determines the transaction price based on contractually agreed-upon amounts or rates. Variable consideration related to settlements is addressed below.

A summary of the payment arrangements with major third-party payors is as follows:

- **Medicare** - Services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon clinical assessments completed by the Organization that are subject to review and final approval by Medicare.
- **Medicaid** - Medicaid reimburses the Organization for routine services costs on a per diem basis, prospectively determined. The Medicaid payment is a cost-based reimbursement system that also includes a quality assurance supplement (QAS). The QAS is a reimbursement based on Medicaid occupancy and is related to the provider tax assessed to nursing homes.
- **Other** - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per diem, discounts from established charges, and prospectively determined daily rates.

Huron Valley PACE, Thome PACE, and LifeCircles

Huron Valley PACE, Thome PACE, and LifeCircles contract Michigan Department of Community Health (MDCH) and Centers for Medicare and Medicaid Services (CMS) to provide Medicare and Medicaid services to participants who meet the following criteria:

- The participant is at least 55 years of age.
- The participant resides in the approved geographic area of the respective organization.
- The participant is certified as meeting the State of Michigan criteria for a nursing facility level of care.
- The participant will be able to remain safe in his or her home.

Note 2 - Significant Accounting Policies (Continued)

Performance obligations are determined based on Huron Valley PACE's, Thome PACE's, and LifeCircles' commitment to provide ongoing services and care coordination as they are needed by enrolled participants and, as such, are treated as a single performance obligation satisfied over time. Huron Valley PACE, Thome PACE, and LifeCircles have concluded that each month that a participant is eligible to receive services under the contract represents a separate contract and performance obligation based on the fact that participants have unilateral rights to terminate the contract after each month with no penalty or compensation due.

Huron Valley PACE, Thome PACE, and LifeCircles determine the transaction price based on contractually agreed-upon amounts or rates. Under the terms of the contracts, program service fees are collected for those participants who were enrolled in the program prior to the monthly cutoff. After the cutoff, participants are considered enrolled in the following month. MDCH will review and adjust payments semiannually based on the enrollment guidelines for the previous 12-month period. Service fees are based on set capitated rates determined annually by MDCH and CMS, prospectively set based on the collective historical frailty factor of enrollees. Under the contracts with the MDCH and CMS, Huron Valley PACE, Thome PACE, and LifeCircles are responsible for providing care, as described within the contracts, above that which is covered by the capitated rate. Huron Valley PACE, Thome PACE, and LifeCircles make an initial and ongoing evaluation of a participant’s creditworthiness or obtain third-party verification of payment coverage and, as such, consider the credit risks they assume and any billed amounts not expected to be collected from participants or third parties for services rendered to represent credit loss expense.

The Organization

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations may result in significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Variable consideration may also exist in the form of settlements with third-party payors as a result of retroactive adjustments due to audits, reviews, or investigations. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity. The Organization has not applied a constraint to the transaction price for settlement estimates, as the Organization has determined that it is not probable that a significant reversal in the amount of the cumulative revenue recognized would occur in the future.

The Organization has applied the practical expedient provided by Financial Accounting Standards Board (FASB) Accounting Standards Codification 340-40-25-4, and all incremental customer contract acquisition costs are expensed as they are incurred, as the costs are insignificant.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Grant Revenue

Revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Excess of Revenue Over (Under) Expenses

Excess of revenue over (under) expenses is considered the performance indicator in these financial statements. Changes in net assets without donor restrictions, which are excluded from excess of revenue over (under) expenses, consistent with industry practice, include, when applicable, transfers from (to) affiliates and net assets released from restrictions for capital purchases.

Income Taxes

No provision for income taxes has been included in the financial statements since the Organization is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code.

Charity Care

The Organization provides care to residents who meet certain criteria under its benevolent care policy without charge or at amounts less than its established rates. The Organization maintains records to identify and monitor the level of benevolent care it provides. The costs associated with benevolent care services include both direct costs and estimated indirect costs, as calculated by management. The level of benevolent care provided by the Organization, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately $1,225,000 and $882,000 for the years ended June 30, 2026 and 2025, respectively.

In addition, under arrangements with various governmental insurance programs, the Organization provides significant care to the local indigent population for which reimbursement for services rendered is generally less than the cost of providing such services. The Organization recognizes net service revenue to the extent of the Medicaid contractual rates. The difference between recognized net service revenue for Medicaid residents based upon established private-pay rates and the Medicaid contractual rates was approximately $3,380,000 and $3,250,000 during the years ended June 30, 2026 and 2025, respectively.

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing general health care and support services have been reported on a functional basis in Note 20. The Organization provides general health care services to residents within its geographic location, including skilled nursing services, home care, rehabilitation, assisted living, and independent living. The consolidated financial statements report certain categories of expenses that are attributable to more than one function. These expenses are allocated based on reasonable estimates. The expenses that are allocated are salaries and wages and employee benefits and payroll taxes based on time and effort, as well as depreciation, which is allocated on a square-footage basis. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 29, 2026, which is the date the consolidated financial statements were available to be issued.

Note 3 - Resident Accounts Receivable and Net Service Revenue

The details of resident accounts receivable as of June 30 are set forth below:

	2026	2025
Resident accounts receivable	$ 6,615,908	$ 7,577,944
Less allowance for credit losses	(596,095)	(909,883)
Net resident accounts receivable	$ 6,019,813	$ 6,668,061

The following table presents the changes in the allowance for credit losses on resident accounts receivable as of June 30:

	2026	2025
Balance - July 1	$ 909,883	$ 1,126,133
Credit loss expense	81,262	376,472
Write-offs	(395,050)	(592,722)
Balance - June 30	$ 596,095	$ 909,883

The Organization provides services without collateral to residents, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from residents and third-party payors was as follows:

	2026	2025
Medicare and Medicare Advantage	60 %	67 %
Medicaid	22	9
Private	18	24
Total	100 %	100 %

The Organization disaggregates revenue from contracts with customers by payor types and service lines. The Organization has determined that the disaggregation of revenue into these categories achieves the disclosure objective to depict the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Tables providing details of these factors are presented below.

Note 3 - Resident Accounts Receivable and Net Service Revenue (Continued)

The composition of net service revenue by primary payor for the years ended June 30 is as follows:

	2026	2025
Private	$ 55,699,265	$ 50,975,219
Medicaid	61,706,328	56,401,058
Medicare and Medicare Advantage	71,921,833	65,419,447
Total net service revenue	$ 189,327,426	$ 172,795,724

Revenue from residents' deductibles and coinsurance is included in the categories presented above based on the primary payor.

The composition of net service revenue based on the Organization's lines of business for the years ended June 30 is as follows:

	2026	2025
Independent living	$ 23,742,285	$ 22,397,715
Assisted living	25,766,292	23,551,338
Skilled nursing	26,559,422	24,705,643
Home health care	2,727,157	2,960,012
PACE services	110,532,270	99,181,016
Total	$ 189,327,426	$ 172,795,724

Note 4 - Pledges Receivable

Pledges receivable consist of unconditional promises to give as follows as of June 30:

	2026	2025
Amounts due in:		
Less than one year	$ 1,397,001	$ 1,795,340
One to five years	2,418,359	3,078,176
More than five years	1,100,000	1,489,343
Less allowance	(225,896)	(264,274)
Less unamortized discount	(439,763)	(530,912)
Total	$ 4,249,701	$ 5,567,673

Promises due in 1 to 5 years were discounted using a rate of 3.5 percent at June 30, 2026 and 2025. Promises due in more than 5 years were discounted using the 10-year Treasury rate (4.44 and 4.25 percent at June 30, 2026 and 2025, respectively). Promises due in less than 1 year were not discounted.

Note 5 - Assets Limited as to Use

Assets limited as to use have been designated by the board of trustees for specific purposes or included in endowment funds. The balance of assets held in these funds as of June 30 is summarized in the following schedule:

	2026	2025
Cash and investments designated by the board of trustees for various purposes, including benevolent care, capital outlay, endowment assets, and other	$ 42,264,974	$ 35,502,028
Purpose-restricted assets - Donor restrictions for specific programs or capital improvements	8,202,539	8,184,259
Permanently restricted endowment funds	29,431,977	26,495,192
Debt service reserve fund, Series 2013 limited obligation revenue bonds	780,080	768,616
Debt service reserve fund, Series 2019 limited obligation revenue bonds	2,067,741	1,987,056
Debt service reserve fund, Series 2020 limited obligation revenue bonds	4,809,141	4,610,291
Reserves for regulatory requirement	2,201,955	1,947,654
Life lease escrow	949,280	609,973
Under escrow agreement - Held for Avenues by Porter Hills entrance fees	149,304	540,366
Total assets limited as to use	$ 90,856,991	$ 80,645,435

Assets limited as to use, including those stated at fair value (as further disclosed in Note 17), at June 30 include the following:

	2026	2025
Cash	$ 6,232,333	$ 7,780,243
Cash reserves for regulatory requirement	2,201,955	1,947,654
Domestic equity investments	29,638,658	20,502,151
International equity investments	18,186,040	12,922,537
Debt investments	21,170,515	29,187,863
Multistrategy and hedge funds	13,427,490	8,304,987
Total	$ 90,856,991	$ 80,645,435

Investment income and realized and unrealized gains on investments are reported as follows for the years ended June 30:

	2026	2025
Interest and dividend income - Without donor restrictions	$ 1,742,981	$ 1,462,337
Interest and dividends - With donor restrictions	793,307	716,809
Net realized gain on sale of investments - Without donor restrictions	2,140,767	2,571,448
Net realized gain on sale of investments - With donor restrictions	1,445,814	1,713,324
Net unrealized gain on investments - Without donor restrictions	3,359,041	441,801
Net unrealized gain on investments - With donor restrictions	2,352,210	383,403
Investment advisory fees - Without donor restrictions	(225,961)	(169,189)
Total investment income	$ 11,608,159	$ 7,119,933

Note 6 - Property and Equipment

Property and equipment as of June 30 are summarized as follows:

	2026	2025	Depreciable Life - Years
Land and land improvements	$ 21,859,015	$ 21,636,946	0-20
Buildings and building improvements	356,229,321	345,189,046	10-40
Furniture, fixtures, and equipment	56,847,418	52,773,953	5-10
Construction in progress	36,824,075	14,124,367	-
Total cost	471,759,829	433,724,312	
Accumulated depreciation	213,716,743	200,194,106	
Net property and equipment	$ 258,043,086	$ 233,530,206	

At June 30, 2026, the Organization had capital commitments of approximately $64,000,000 related to the construction in progress for the Porter Hills Village location.

Note 7 - Accrued Liabilities

The following is the detail of accrued liabilities:

	2026	2025
Accrued salaries and wages	$ 2,489,874	$ 1,977,913
Accrued employee benefits and payroll taxes	980,908	952,118
Accrued interest	1,532,020	1,413,274
Accrued health care claims	5,464,779	6,213,353
Other accrued liabilities	6,676,767	6,106,102
Total	$ 17,144,348	$ 16,662,760

Note 8 - Line of Credit

Under a line of credit agreement with a financial institution, the Organization has available borrowings of $10,000,000. Borrowings are collateralized by certain building, land, and investments of the Organization. The agreement expires on November 15, 2027. The applicable interest rate is 212 basis points plus SOFR, with an effective rate of 5.80 and 6.57 percent at June 30, 2026 and 2025, respectively, accruing and payable monthly. The line of credit agreement balance fluctuates between zero and fully drawn throughout the year based on the needs of the Organization, with an outstanding balance of $0 and $3,403,694 as of June 30, 2026 and 2025, respectively.

Note 9 - Long-term Debt

Long-term debt at June 30 is as follows:

	2026	2025
Series 2012 Economic Development Corporation of the Village of Chelsea Limited Obligation Refunding Revenue Bonds (the "Series 2012 Bonds"), collateralized by all assets of the Obligated Group, with a final maturity of November 15, 2027. Concurrent with the issuance of the Series 2012 Bonds, a bank purchased the Series 2012 Bonds pursuant to a bond owner agreement. Under the terms of the bond owner agreement, interest is payable monthly at a variable rate equal to 11 basis points plus the Secured Overnight Financing Rate (SOFR) (effectively 3.79 and 4.56 percent at June 30, 2026 and 2025, respectively), plus monthly principal payments ranging from $55,000 to $70,000.		
An interest rate swap, as described in Note 10, was entered into that synthetically fixes the interest rate on 50 percent of the outstanding principal balance of the Series 2012 Bonds. The interest rate swap expires on November 15, 2027	$ 1,190,000	$ 1,975,000
Series 2013 Michigan Strategic Fund Limited Obligation Revenue Refunding Bonds (the "Series 2013 Bonds"), collateralized by all assets of the Obligated Group. Interest is due in semiannual installments at a fixed rate of 6.25 percent, plus annual principal payments ranging from $440,000 to $760,000 beginning in 2034 through the final maturity date of November 15, 2043	5,875,000	5,875,000
Series 2014 Economic Development Corporation of the City of Dexter Limited Obligation Refunding Revenue Bonds (the "Series 2014 Bonds"), collateralized by all assets of the Obligated Group, with a final maturity of January 1, 2041 and subject to a mandatory tender date of December 1, 2034. Concurrent with the issuance of the Series 2014 Bonds, a bank purchased the Series 2014 Bonds pursuant to a bond owner agreement. Under the terms of the bond owner agreement, interest is payable monthly at a variable rate equal to 11 basis points plus SOFR (effectively 3.79 and 4.56 percent at June 30, 2026 and 2025, respectively), plus monthly principal payments ranging from approximately $30,000 to $52,000	7,482,492	7,889,341
Series 2019 Michigan Strategic Fund Limited Obligation Refunding Revenue Bonds (the "Series 2019 Bonds"), collateralized by all assets of the Obligated Group. Interest is due in semiannual installments at fixed rates ranging from 4 percent to 5 percent, plus annual principal payments ranging from $10,000 to $2,020,000 through the maturity date of November 15, 2049	15,795,000	16,055,000
Series 2020 Michigan Strategic Fund Limited Obligation Refunding Revenue Bonds (the "Series 2020 MSF Bonds"), collateralized by all assets of the Obligated Group. Interest is due in semiannual installments at fixed rates ranging from 4 to 5 percent, plus annual principal payments ranging from $105,000 to $1,220,000 through the maturity date of May 15, 2044	14,620,000	14,725,000

Note 9 - Long-term Debt (Continued)

	2026	2025
Series 2020 Economic Development Corporation of the Charter Township of Grand Rapids Limited Obligation Refunding Revenue Bonds (the "Series 2020 EDC Bonds"), collateralized by all assets of the Obligated Group. Interest is due in semiannual installments at fixed rates ranging from 4 to 5 percent, plus annual principal payments ranging from $135,000 to $2,440,000 through the maturity date of May 15, 2044	$ 29,940,000	$ 30,975,000
Series 2024 Public Finance Authority Variable Rate Limited Obligation Revenue Bonds (the "Series 2024 Bonds"), collateralized by all assets of the Obligated Group. The bonds are to be drawn on through construction at Porter Hills Presbyterian Village with a maximum draw amount of $15,000,000. Under the terms of the bond owner agreement, principal payments begin on July 1, 2026 and are due monthly, following a 24-month interest-only period, where interest payments are due monthly. The Series 2024 Bonds bear a variable interest rate of 79 percent of SOFR plus 200 basis points (effectively 4.49 percent and 5.10 percent at June 30, 2026 and 2025, respectively). Monthly principal payments range from $5,000 to $165,000 through the maturity date of April 1, 2050 and subject to a mandatory tender date of May 1, 2034.		
An interest rate swap, as described in Note 10, was entered into that synthetically fixes the interest rate on up to 50 percent of the outstanding principal balance of the Series 2024 Bonds. The interest rate swap expires on May 1, 2034	13,839,997	12,201,821
Series 2025 Public Finance Authority Variable Rate Limited Obligation Revenue Bonds (the "Series 2025 Bonds"), collateralized by all assets of the Obligated Group. The Series 2025 Bonds were purchased by Huntington Bank pursuant to a bond purchase and continuing covenant agreement. The bonds are to be drawn on through construction at Porter Hills Presbyterian Village with a maximum draw amount of $113,500,000. Under the terms of the bond owner agreement, principal payments begin on May 1, 2030 until maturity on May 1, 2055. The Series 2025 Bonds bear a variable interest rate of 79 percent of SOFR plus 145 basis points (effectively 4.05 percent at June 30, 2026). Monthly principal payments range from $65,000 to $1,190,000 through the maturity date of May 1, 2055 and subject to a mandatory tender date of October 16, 2035.		
An interest rate swap, as described in Note 10, was entered into that synthetically fixes the interest rate on up to 75 percent of the outstanding principal balance of the Series 2025 Bonds. The interest rate swap expires on October 1, 2035	18,059,963	-
Series 2018 Michigan Strategic Fund Variable Rate Limited Obligation Revenue Bonds (the "Series 2018 Bonds"), collateralized by all assets of Huron Valley PACE and guaranteed by the Organization. The Series 2018 Bonds were subsequently purchased by a financial institution pursuant to a bond owner agreement. Under the terms of the bond owner agreement, principal payments began on January 1, 2020 and are due monthly, following a 24-month interest-only period, through the mandatory tender date of January 4, 2028. The Series 2018 Bonds bear a variable interest rate of SOFR plus 11 basis points (effectively 3.74 and 4.56 percent at June 30, 2026 and 2025, respectively)	3,477,475	3,707,070

Note 9 - Long-term Debt (Continued)

	2026	2025
Series 2024A Variable Rate Limited Obligation Revenue Bonds (the "Series 2024A Bonds"), collateralized by all assets of Huron Valley PACE and maturing at various dates with a tender date of December 18, 2034. Huron Valley PACE is able to draw up to $2,730,000 until September 30, 2026. Proceeds of the bonds are for the construction of the Monroe location. The bonds bear interest at 79 percent of SOFR plus 200 basis points (effectively 4.50 and 4.99 percent at June 30, 2026 and 2025, respectively). Interest is due monthly with monthly principal repayments ranging from $5,000 to $23,000 beginning on January 1, 2027	$ 2,725,555	$ 742,492
Series 2024B Variable Rate Limited Obligation Revenue Bonds (the "Series 2024B Bonds"), collateralized by all assets of Huron Valley PACE and maturing at various dates with a tender date of December 18, 2034. Proceeds of the bonds are for the construction of the Monroe location. The bonds bear interest at SOFR plus 200 basis points (effectively 5.65 and 6.32 percent at June 30, 2026 and 2025, respectively). Interest is due monthly with monthly principal repayments ranging from $5,000 to $20,000 beginning on January 1, 2027	1,270,000	1,270,000
Series 2014 Michigan Strategic Fund Variable Rate Limited Obligation Revenue Bonds (the "Series 2014 MSF Bonds"), collateralized by all assets of Thome PACE and guaranteed by the Organization. The Series 2014 MSF Bonds were purchased by Chelsea State Bank pursuant to a bond purchase and continuing covenant agreement. Principal payments began on January 1, 2020 and are due monthly, following a 24-month interest-only period, until final maturity on December 1, 2029. The Series 2014 MSF Bonds bear an interest rate of 3 percent through December 1, 2024, at which time the interest rate became variable at the Federal Home Loan Bank of Indianapolis advance rate plus 70 basis points (effectively 4.70 and 4.81 percent at June 30, 2026 and 2025, respectively)	1,123,494	1,432,968
DAAL entered into a loan agreement in April 2012 for the principal amount of $2,000,000. Interest is charged at a rate of 1 percent, commencing in March 2015. Annual principal payments of $1,200 are due in 49 equal installments. The loan is secured by the property and equipment of DAAL. On the maturity date of March 1, 2064, a final payment in an amount equal to the entire outstanding balance and accrued interest is due	1,986,800	1,988,000
DAAL entered into a loan agreement in April 2013 for $1,273,944. The loan is non-interest bearing and is due in its entirety in February 2065. The loan is secured by the mortgage dated April 11, 2012	1,273,944	1,273,944
DAAL entered into a loan agreement in December 2013 for $554,543. The loan is non-interest bearing and is due in its entirety in February 2065. The loan is secured by the mortgage dated April 11, 2012	554,543	554,543
DAAL entered into a HOME loan agreement with the Charter County of Wayne, Michigan (the "County") in February 2012 to provide $500,000. The loan is non-interest bearing. Principal will be payable commencing on the first day of the first month after the expiration of the affordability period. If the borrower complies with the terms in the loan agreement for the period of affordability, then the principal amount of $500,000 may be forgiven at the option of the County. The note is secured by a fourth priority mortgage agreement with a maturity date of February 2065	500,000	500,000

Note 9 - Long-term Debt (Continued)

	2026	2025
DAAL entered into a HOME loan agreement with MSHDA in December 2011 to provide $2,000,000. Interest is charged at a rate of 3 percent, with a maturity date of December 2051. No principal payments on the note will be required as long as any deferred developer fee remains unpaid. The note is secured by a second priority mortgage agreement	$ 2,000,000	$ 2,000,000
DAAL has a non-interest-bearing promissory note issued on November 7, 2011 due to Presbyterian Villages of Michigan (PVM) on November 7, 2061. The note is secured by an unrecorded mortgage held in escrow by the law offices of Dykema Gossett PLLC. No principal payments are due until the maturity date of the note except upon PVM's election with a 30-day notice or upon the occurrence of a default	407,500	407,500
Unamortized premium	4,915,676	5,263,923
Unamortized debt issuance costs	(3,553,010)	(2,481,775)
Long-term debt less unamortized premium and debt issuance costs	123,484,429	106,354,827
Less current portion	3,472,969	3,232,260
Long-term portion	$ 120,011,460	$ 103,122,567

The balance of the above debt matures during the years ending June 30 as follows:

Years Ending	Amount
2027	$ 3,472,969
2028	7,383,364
2029	3,475,840
2030	3,504,002
2031	4,170,190
Unamortized net premium	4,915,676
Unamortized debt issuance cost	(3,553,010)
Thereafter	100,115,398
Total	$ 123,484,429

Under the agreements with the banks, the Organization and its affiliates are subject to various financial covenants with respect to liquidity, additional indebtedness, debt service coverage, and others. The Organization believes they are in compliance with all covenants as of June 30, 2026.

Note 10 - Derivatives

The Organization is exposed to certain risks in the normal course of its business operations. The Organization manages risks relating to the variability of future cash flows through the use of derivatives. The only derivative instruments used by the Organization are interest rate swap agreements. The interest rate swap agreements are used by the Organization to manage the risk associated with interest rates on variable-rate borrowings. Hedge accounting is not used for the interest rate swap agreements held by the Organization. The interest rate swap agreements are reported in the consolidated balance sheet at fair value.

Note 10 - Derivatives (Continued)

As of June 30, 2026 and 2025, the Organization held interest rate swap agreements on which the Organization received variable rates and paid fixed rates, with details identified in the tables below. The difference between the rates is recorded as a realized gain or loss in the consolidated statement of activities, as noted in the table below, as an adjustment to interest expense. The Organization has recorded the fair value of the interest rate swap agreements, which resulted in an asset of $495,085 and a liability of $163,558 at June 30, 2026 and an asset of $6,772 and liability of $429,628 at June 30, 2025. The change in fair value of the interest rate swap agreement is recorded as a nonoperating activity in the consolidated statement of activities, as noted in the table below.

At June 30, the Organization had the following interest rate swap agreements:

Counterparty	Maturity Date	Fixed Rate Paid	Variable Rate Received	2026 - Notional Amount	2025 - Notional Amount
Huntington Bank	November 15, 2027	1.830%	65 percent SOFR plus 11 basis points	$ 595,000	$ 987,500
Huntington Bank	May 1, 2034	4.950%	79 percent of SOFR plus 158 basis points	7,500,000	7,500,000
Huntington Bank	December 1, 2034	4.622%	79 percent of SOFR plus 158 basis points	3,741,246	3,944,671
Huntington Bank	December 1, 2034	4.896%	79 percent of SOFR plus 158 basis points	1,980,000	740,000
Huntington Bank	October 1, 2035	4.178%	79 percent of SOFR plus 115 basis points	25,214,000	-

The amounts recognized in the increase in net assets without donor restrictions for derivatives not designated as hedging instruments are as follows:

	2026	2025	Reported in Consolidated Statement of Activities as
Change in fair value	$ 754,382	$ (313,657)	Change in fair value of interest rate swap agreement
Realized gain	9,225	47,868	Interest expense
Total	$ 763,607	$ (265,789)	

Note 11 - Leases

Lease for Muskegon Facility

In January 2015, LifeCircles entered into operating lease agreements with Senior Resources, a related party, and two unrelated parties, where the Organization leases certain portions of the building to the identified parties. The terms of the lease agreements include base rent through December 2015 and renew annually at the base rent, adjusted by the Consumer Price Index. The lease agreements are able to be canceled by either party after the initial one-year term. Rental income of $53,700 for each year from Senior Resources and $92,623 and $124,736 from unrelated parties was recognized for the years ended June 30, 2026 and 2025, respectively.

Lease for Holland Facility

The Organization leased its Holland facility from a third party under a long-term lease agreement, which was classified as a finance lease. Under the terms of the lease agreement, payments were due monthly through June 30, 2025. The lease expired in accordance with its contractual terms on June 30, 2025, and, in July 2025, the Organization purchased the Holland facility for approximately $2,100,000. The lease included monthly rental payments that were subject to periodic adjustments based on the Consumer Price Index. The Organization received a lease incentive of $250,000 at the inception of the lease, which was amortized over the life of the lease through June 30, 2025.

Note 11 - Leases (Continued)

Huron Valley PACE Equipment Lease

In April 2025, Huron Valley PACE entered into a long-term lease arrangement with a third party to lease equipment that is classified as a finance lease. Under the terms of the lease agreement, payments are due monthly through April 2030 in the amount of $2,330. The right-of-use asset and related lease liability have been calculated using a discount rate of 6.00 percent. Total expense of the lease was $30,547 and $5,215 for the years ended June 30, 2026 and 2025, respectively. This consisted of amortization expense of $24,108 and $4,018 and interest expense of $6,439 and $1,197 for the years ended June 30, 2026 and 2025, respectively.

The future minimum lease payments under the finance lease are as follows:

Years Ended June 30	Amount
2027	$ 27,965
2028	27,965
2029	27,965
2030	23,304
Total	107,199
Less amount representing interest	(11,647)
Present value of net minimum lease payments	95,552
Less current obligations	(22,853)
Long-term obligations under leases	$ 72,699

Note 12 - Entrance Fee Contracts

The Organization offers type B and C independent living life lease contracts to incoming residents, with refundable options ranging from 0 to 90 percent. The obligations under these contracts are as follows:

Deferred Life Lease Income

Deferred life lease income represents remaining unamortized nonrefundable entrance fees paid by a resident upon entering into a continuing care agreement and is amortized to income using the straight-line method over the greater of the estimated remaining life expectancy of the resident or state law. Amortization of entrance fee revenue totaled $6,363,990 and $5,048,042 for the years ended June 30, 2026 and 2025, respectively. The balance of deferred life lease income at July 1, 2024 was $30,072,973.

Refundable Advances on Life Leases

Refundable advances on life leases represent the refundable portion of the entrance fee paid to Chelsea Retirement Community, Cedars of Dexter, Porter Hills, and Cook Valley residents. The refundable notes are non-interest bearing and are refundable to the resident upon the earlier of occupancy by another resident or an identified period of time from the end of the resident's occupancy based on contract terms.

Note 12 - Entrance Fee Contracts (Continued)

The balance of entrance fee contract liabilities as of June 30 is as follows:

	2026	2025
Deferred life lease income	$ 39,147,068	$ 35,806,495

	2026	2025
Refundable advances on life leases	$ 68,643,184	$ 59,656,747
Less current portion	(4,619,200)	(4,863,200)
Long-term portion	$ 64,023,984	$ 54,793,547

Note 13 - Retirement Plans

Defined Contribution Retirement Plans

The Organization sponsors a defined contribution retirement plan for employees of Porter Hills Presbyterian Villages, Inc. and the nonunion employees of United Methodist Retirement Communities, Inc. d/b/a Brio Living Services. The plan matches 100 percent of contributions for nonunion employees up to 5 percent of the employees' elective contributions. Effective January 1, 2023, the plan was amended to require all eligible employees to be employed by the Organization on the last day of the plan year, December 31, to be eligible to receive the match. Employer matching contributions to the plan totaled approximately $917,000 and $978,000 for the years ended June 30, 2026 and 2025, respectively.

Multiemployer Defined Benefit Pension Plan

The Organization participates in the SEIU National Industry Pension Plan - United States (the "Pension Plan"), a multiemployer defined benefit retirement plan for the benefit of all employees covered under the service and maintenance unit based on employee hours worked. The plan number and employer identification number of the Pension Plan are 001 and 52-6148540, respectively, and the collective bargaining agreement, which requires organization participation in the Pension Plan, expires on June 30, 2029. The position of the Organization relative to other contributors to the multiemployer plan has not been determined with respect to plan assets and accumulated benefits. In the event of a withdrawal from the Pension Plan and certain other conditions, a contributor to a multiemployer plan may be liable to the Pension Plan for a portion of the underfunded status.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

The Organization's contribution to the Pension Plan was $253,358 and $216,469 for the years ended June 30, 2026 and 2025, respectively. Based on the latest plan information as of December 31, 2025, the year end of the Pension Plan, the Organization's contributions to the Pension Plan represent less than 1 percent of total contributions received by the Pension Plan.

Note 13 - Retirement Plans (Continued)

As of June 30, 2026 and 2025, the certification zone status of the plan, as defined by the Department of Labor Pension Protection Act, was red, in critical status, indicating one or more of the following:

- The plan is less than 65 percent funded, and it is projected not to have sufficient assets to pay promised benefits within seven years.
- The plan has an accumulated funding deficiency for the current plan year or is projected to have an accumulated funding deficiency for any of the three succeeding plan years (four years if the plan is less than 65 percent funded).
- The plan is projected not to have sufficient assets to pay promised benefits within five years.
- (a) The present value of benefits for inactive participants is greater than the present value of the benefits for active participants, (b) its expected contributions are less than the sum of its normal cost and the interest on its unfunded liabilities, and (c) the plan will have a funding deficiency within five years.

If the Organization withdraws its participation in the Pension Plan, the Organization could, under the terms of the plan, be subject to a penalty. In addition, to the extent that the Pension Plan is underfunded, the Organization's future contributions to the plan may increase to cover retirement benefits of employees of other companies participating in the plan.

Note 14 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2026	2025
Donor restricted for specific program use	$ 13,418,326	$ 9,312,926
Capital expenditures	3,407,225	5,459,595
Builder fund	95,763	95,763
Pledges receivable	4,249,700	5,567,673
Beneficial interest in trust	1,945,336	1,856,893
Held in perpetuity - Donor-restricted endowments	20,709,028	19,811,981
Total	$ 43,825,378	$ 42,104,831

Note 15 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. All income generated from restricted assets is classified as restricted income in the consolidated statement of changes in net assets and is released from restrictions upon the Organization meeting the donor-imposed restrictions.

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The board of trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) investment earnings on the donor-restricted endowment funds until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment Net Asset Composition by Type of Fund as of June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 28,201,862	$ -	$ 28,201,862
Donor-restricted endowment funds:			
Held in perpetuity - Donor-restricted endowments	-	20,709,028	20,709,028
Accumulated investment gains	-	9,973,939	9,973,939
Endowed pledge receivables	-	1,650,000	1,650,000
Total	$ 28,201,862	$ 32,332,967	$ 60,534,829

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 23,833,931	$ 27,503,784	$ 51,337,715
Changes in value of assets limited as to use	4,812,750	4,550,989	9,363,739
Contributions	1,251,089	770,047	2,021,136
Appropriation of endowment assets for expenditure	(1,695,908)	(491,853)	(2,187,761)
Endowment net assets - End of year	$ 28,201,862	$ 32,332,967	$ 60,534,829

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 23,833,931	$ -	$ 23,833,931
Donor-restricted endowment funds:			
Held in perpetuity - Donor-restricted endowments	-	19,811,981	19,811,981
Accumulated investment gains	-	5,914,803	5,914,803
Endowed pledge receivables	-	1,777,000	1,777,000
Total	$ 23,833,931	$ 27,503,784	$ 51,337,715

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 17,875,127	$ 23,502,574	$ 41,377,701
Changes in value of assets limited as to use	2,147,201	2,785,592	4,932,793
Contributions	5,140,361	1,625,245	6,765,606
Appropriation of endowment assets for expenditure	(1,328,758)	(409,627)	(1,738,385)
Endowment net assets - End of year	$ 23,833,931	$ 27,503,784	$ 51,337,715

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2026 and 2025.

Return Objectives and Risk Parameters

The Organization has an investment committee made up of board members and other community advisors. The investment committee directs investment strategies through an investment policy statement. Also, the Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution, subject to market conditions, each year the earnings from the endowment funds to be used for the intended purpose identified by the board and donors. Spending for board-designated noncapital purposes of unrestricted board-designated endowment funds is set at 5 percent of the average value of endowment investments, plus an allocation of investment management fees and general operating expenses. Spending for board-designated capital expenditures of unrestricted board-designated endowment funds is set at the discretion of the board.

Note 16 - Fund Held at the Community Foundation for Southeast Michigan

The Organization has certain funds donated by outside donors for the benefit of the Organization that are held and managed by the Community Foundation for Southeast Michigan (CFSEM). Such contributions are subject to variance power maintained by CFSEM and, therefore, are not recognized on the consolidated balance sheet. The fair value of these funds was $3,683,573 and $3,339,291 at June 30, 2026 and 2025, respectively. Earnings are available for operations at the discretion of CFSEM and are treated as contributions in the year received. Contributions received for the years ended June 30, 2026 and 2025 were $139,630 and $138,472, respectively.

Note 17 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 17 - Fair Value Measurements (Continued)

The following tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis at June 30, 2026 and 2025 and the valuation techniques used by the Organization to determine those fair values:

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2026			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2026
Assets				
Assets limited as to use:				
Domestic equity securities	$ 29,638,658	$ -	$ -	$ 29,638,658
International equity securities	18,186,040	-	-	18,186,040
Debt securities	-	21,170,515	-	21,170,515
Total assets limited as to use	47,824,698	21,170,515	-	68,995,213
Beneficial interest in trust	-	-	1,945,336	1,945,336
Interest rate swap agreements	-	495,085	-	495,085
Total	$ 47,824,698	$ 21,665,600	$ 1,945,336	71,435,634
Assets limited as to use measured at NAV - Multistrategy and hedge funds				13,427,490
Total assets				$ 84,863,124
Liabilities - Interest rate swap agreements	$ -	$ 163,558	$ -	$ 163,558

Note 17 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Assets				
Assets limited as to use:				
Domestic equity securities	$ 20,502,151	$ -	$ -	$ 20,502,151
International equity securities	12,922,537	-	-	12,922,537
Debt securities	-	29,187,863	-	29,187,863
Total assets limited as to use	33,424,688	29,187,863	-	62,612,551
Beneficial interest in trust	-	-	1,856,893	1,856,893
Interest rate swap agreement	-	6,772	-	6,772
Total	$ 33,424,688	$ 29,194,635	$ 1,856,893	64,476,216
Assets limited as to use measured at NAV - Multistrategy and hedge funds				8,304,987
Total assets				$ 72,781,203
Liabilities - Interest rate swap agreements	$ -	$ 429,628	$ -	$ 429,628

The fair value of the interest rate swap agreements and fixed-income securities at June 30 was determined primarily based on Level 2 inputs. The Level 2 inputs used in estimating the fair value of the interest rate swap agreements include the notational amount, effective interest rate, and maturity date. The Level 2 inputs used in estimating the fair value of the fixed-income securities is based on stated interest rates and maturity dates.

The fair value of the beneficial interest in trust at June 30, 2026 and 2025 was determined based on the present value of the future cash flows using management's best estimate of key assumptions provided by the trustee.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2026 and 2025 are as follows:

Balance - July 1, 2025	$ 1,856,893
Change in interest and present value of trusts	88,443
Balance - June 30, 2026	$ 1,945,336
Balance - July 1, 2024	$ 1,466,134
Change in interest and present value of trusts	22,388
Contributions	368,371
Balance - June 30, 2025	$ 1,856,893

Note 17 - Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The Organization holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At June 30, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2026	June 30, 2025	June 30, 2026		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
SEI Global Private Assets	$ 2,068,215	$ 958,758	$ 1,803,232	N/A	N/A
SEI Special Situations Fund	4,330,488	3,426,713	-	Semiannual	95
SEI Structured Credit Fund	-	3,919,516	-	Quarterly	65
Greenhouse Long Only Onshore Fund	1,469,620	-	-	Quarterly	45
Davidson Kempner Institutional Partners	2,065,339	-	-	Quarterly	65
State Street Real Asset Non-Lending Common Trust Fund	3,383,828	-	-	Daily	N/A
RCP Multi-Strategy Cayman Feeder III, LP	110,000	-	890,000	N/A	N/A
Total	$ 13,427,490	$ 8,304,987	$ 2,693,232		

SEI Global Private Assets; SEI Special Situations Fund; SEI Structured Credit Fund; Greenhouse Long Only Onshore Fund; Davidson Kempner Institutional Partners; and RCP Multi-Strategy Cayman Feeder III, LP include a diversified portfolio of domestic, non-U.S. securities of high-quality companies, with the objective of achieving long-term capital appreciation.

State Street Real Asset Non-Lending Common Trust Fund includes a diversified portfolio of institutional investment funds invested in high-quality stocks, REITs, and bond funds, with the objective of achieving long-term capital appreciation.

Note 18 - Related Party Transactions

The following is a description of transactions between the Organization and related parties:

Accounts Receivable

The details of related party accounts receivable at June 30 are as follows:

	2026	2025
Sylvan Pines	$ 33,970	$ 54,342
PACE of Southwest Michigan, Inc.	333,425	235,252
Other	521,834	19,556
Total accounts receivable - Affiliates	$ 889,229	$ 309,150

Note 18 - Related Party Transactions (Continued)

Investments in and Loans Due from Related Organizations

Investments in and loans due from related organizations reported in the consolidated balance sheet as a long-term asset at June 30, 2026 and 2025 are as follows:

	2026	2025
Note receivable from VOANS Senior Community Care of Michigan, Inc.	$ 299,114	$ 335,114
Investment in PACE of Southwest Michigan	2,884,188	2,528,201
Investment in Emmanuel Hospice	425,619	506,183
Investment in Tandem 365	415,361	507,565
Investment in Atrio Home Health	69,588	-
Total investment in and loans due from related organizations	$ 4,093,870	$ 3,877,063

(Loss) gain on investments in joint ventures for the years ended June 30, 2026 and 2025 was $(77,194) and $422,606, respectively.

Management Fee Revenue

Management fee revenue, included in other operating revenue, from related parties for management and financial services for the years ended June 30 is as follows:

	2026	2025
Sylvan Pines	$ 85,481	$ 70,782
PACE of Southwest Michigan, Inc.	484,966	73,242

Developer Fee

Developer fees are payable to an affiliate of the general partner for services rendered in negotiating, coordinating, and supervising the planning, architectural, engineering, and construction services necessary for construction of the DAAL rental housing project. The development agreement specifies total payment of $1,538,741. The developer fees are capitalized as part of the building and improvements and have been earned and recognized in accordance with the development fee arrangement. During the year ended June 30, 2025, the developer fee was recharacterized as equity by DAAL.

Operating Deficit Guarantee

As provided for in the DAAL partnership agreement, in the event that, at any time during the term of the partnership agreement, (i) an operating deficit exists and (ii) the general partner does not make an operating deficit contribution to DAAL pursuant to the partnership agreement, the limited partner shall advance funds to the general partner in the amount necessary for the general partner to make the required operating deficit contribution up to the maximum amount, as set forth in the partnership agreement.

Note 19 - Contingencies

DAAL's low-income housing tax credit is contingent on its ability to maintain compliance with applicable sections of Section 42 Low-income Housing Tax Credit program. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credit plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

Note 19 - Contingencies (Continued)

The Organization entered into capital advances with the U.S. Department of Housing and Urban Development, which were used to assist in financing the construction of projects in accordance with the provisions of Section 202 of the Housing Act of 1959. The capital advances bear no interest, are not required to be repaid as long as the housing remains available to eligible very low-income elderly households for a period of 40 years, and will expire at various times through 2046. The Organization is subject to the additional requirements of the HUD Section 202 program. If default occurs, then HUD, at its option, may accelerate the entire principal balance and charge interest at a specified interest rate. The Organization has recognized the capital advance as income in a previous year and intends to comply with the time requirement and Section 202. The capital advance is collateralized by certain land and buildings of the Organization.

The balance of the capital advances at June 30 is as follows:

	2026	2025
Bailey's Grove	$ 2,949,676	$ 2,949,676
Harvest Way	2,875,200	2,875,200
Oak Ridge	2,728,026	2,728,026
River Grove	2,913,800	2,913,800
Station Creek	3,510,200	3,510,200
Walker Meadow	2,389,557	2,389,557
Total capital advances	$ 17,366,459	$ 17,366,459

Note 20 - Functional Expenses

Expenses related to providing these services for the year ended June 30, 2026 are as follows:

	Health Care Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 53,949,777	$ 16,257,778	$ 1,187,121	$ 71,394,676
Employee benefits and payroll taxes	10,947,381	3,752,898	223,010	14,923,289
Operating supplies and expenses	7,967,341	627,316	24,932	8,619,589
Professional services and consultant fees	65,396,795	2,370,895	74,047	67,841,737
Repairs and maintenance	2,946,978	34,863	-	2,981,841
Utilities	4,434,346	729,587	4,403	5,168,336
Depreciation	15,389,378	612,846	25,839	16,028,063
Interest	1,428,031	3,280,381	4,953	4,713,365
Property taxes	622,756	1,253,455	-	1,876,211
Amortization of right-of-use asset	20,263	3,845	-	24,108
Credit loss expense	-	81,262	-	81,262
Quality Assurance Assessment	716,567	-	-	716,567
Other	3,801,214	4,553,612	1,033,928	9,388,754
Total	$ 167,620,827	$ 33,558,738	$ 2,578,233	$ 203,757,798

Note 20 - Functional Expenses (Continued)

Expenses related to providing these services for the year ended June 30, 2025 are as follows:

	Health Care Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 50,828,259	$ 14,948,043	$ 1,157,160	$ 66,933,462
Employee benefits and payroll taxes	10,012,593	3,606,286	197,399	13,816,278
Operating supplies and expenses	8,130,564	590,382	32,204	8,753,150
Professional services and consultant fees	66,000,409	2,099,724	75,803	68,175,936
Repairs and maintenance	2,562,578	65,504	-	2,628,082
Utilities	4,106,144	780,047	4,613	4,890,804
Depreciation	15,346,499	562,107	24,687	15,933,293
Interest	3,230,380	392,320	5,620	3,628,320
Property taxes	602,765	1,170,959	-	1,773,724
Amortization of right-of-use asset	143,724	31,084	-	174,808
Credit loss expense	-	376,472	-	376,472
Quality Assurance Assessment	700,976	-	-	700,976
Other	2,559,072	5,079,733	1,114,169	8,752,974
Total	$ 164,223,963	$ 29,702,661	$ 2,611,655	$ 196,538,279

Note 21 - Liquidity and Availability of Resources

The Organization has $72,437,227 and $56,704,771 of financial assets available within one year of June 30, 2026 and 2025 to meet cash needs for general expenditure, consisting of cash of $65,528,185 and $49,727,560, resident accounts receivable of $6,019,813 and $6,668,061, and accounts receivable - affiliates of $889,229 and $309,150, respectively. In addition, the Organization has $42,264,974 and $35,502,194 of board-designated assets at June 30, 2026 and 2025, respectively, that could be made available for general expenditure subject to the direction of the board. The Organization also has a $10,000,000 line of credit agreement, of which approximately $10 and $6.5 million is available as of June 30, 2026 and 2025, respectively, as disclosed in Note 8, available for general expenditures as needed. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal cash operating expenses, which are, on average, $31,345,774 and $29,687,831 at June 30, 2026 and 2025, respectively. The Organization has a process to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 22 - Litigation

Based on the nature of its operations, the Organization is at times subject to pending or threatened legal actions, which arise in the normal course of its activities. The Organization is insured against professional and general liability when a claim is made against the Organization.

The Organization is not aware of any claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled during the past three years that have exceeded policy coverage limits. The cost of this insurance policy represents the Organization's cost for such claims for the year, and it has been charged to operations as a current expense.

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Trustees
Brio Living Services and Affiliates

We have audited the consolidated financial statements of Brio Living Services and Affiliates as of and for the years ended June 30, 2026 and 2025 and have issued our report thereon dated October 29, 2026, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating and combining information is presented for the purpose 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

October 29, 2026

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Empowering Business Globally

Brio Living Services and Affiliates

Consolidating Balance Sheet

June 30, 2026

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Assets								
Current Assets								
Cash	$ 29,338,202	$ 31,737,643	$ 401,438	$ 3,929,459	$ 55,406	$ 66,037	$ -	$ 65,528,185
Resident accounts receivable - Net	3,251,948	2,721,421	8,822	22,783	14,839	-	-	6,019,813
Accounts receivable - Affiliates	172,173	229,168	-	(135)	-	31,825,693	(31,337,670)	889,229
Current portion of pledges receivable	1,397,001	-	-	-	-	-	-	1,397,001
Other current assets	1,213,891	294,416	28,407	18,925	83,769	1,211,141	-	2,850,549
Total current assets	35,373,215	34,982,648	438,667	3,971,032	154,014	33,102,871	(31,337,670)	76,684,777
Assets Limited as to Use	88,505,732	-	1,080,246	149,304	1,121,709	-	-	90,856,991
Property and Equipment - Net	200,472,498	30,195,708	15,334,308	-	11,938,015	102,557	-	258,043,086
Beneficial Interest in Trust	1,945,336	-	-	-	-	-	-	1,945,336
Pledges Receivable - Net of current portion	2,852,700	-	-	-	-	-	-	2,852,700
Right-of-use Asset - Net	-	92,416	-	-	-	-	-	92,416
Other Noncurrent Assets								
Investment in and loans due from related organizations	65,374,025	-	-	-	-	-	(61,280,155)	4,093,870
Fair value of interest swap agreements	495,085	-	-	-	-	-	-	495,085
Other noncurrent assets	-	-	112,117	-	-	75,000	-	187,117
Total other noncurrent assets	65,869,110	-	112,117	-	-	75,000	(61,280,155)	4,776,072
Total assets	**$ 395,018,591**	**$ 65,270,772**	**$ 16,965,338**	**$ 4,120,336**	**$ 13,213,738**	**$ 33,280,428**	**$ (92,617,825)**	**$ 435,251,378**

Brio Living Services and Affiliates

Consolidating Balance Sheet (Continued)

June 30, 2026

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)								
Current Liabilities								
Accounts payable	$ 8,126,128	$ 1,323,106	$ 187,915	$ 115,890	$ 306,846	$ 498,966	$ -	$ 10,558,851
Accounts payable - Affiliates	-	484,009	151,882	55,365	8,242	30,638,172	(31,337,670)	-
Current portion of long-term debt	2,688,762	784,207	-	-	-	-	-	3,472,969
Current portion of lease liability	-	22,853	-	-	-	-	-	22,853
Current portion of refundable advances on life leases	4,619,200	-	-	-	-	-	-	4,619,200
Estimated third-party payor settlements	-	940,842	-	-	-	-	-	940,842
Accrued liabilities and other	4,689,580	8,738,643	401,985	43,870	1,250,152	2,020,118	-	17,144,348
Total current liabilities	20,123,670	12,293,660	741,782	215,125	1,565,240	33,157,256	(31,337,670)	36,759,063
Long-term Debt - Net of current portion	105,780,879	7,615,422	-	-	7,022,659	-	(407,500)	120,011,460
Finance Lease Liability - Net of current portion	-	72,699	-	-	-	-	-	72,699
Other Long-term Liabilities								
Deferred life lease income	34,543,738	-	-	4,603,330	-	-	-	39,147,068
Refundable advances on life leases - Net of current portion	64,023,984	-	-	-	-	-	-	64,023,984
Fair value of interest rate swap agreements	131,146	32,412	-	-	-	-	-	163,558
Other long-term liabilities	16,112	-	232,949	-	-	-	(105,871)	143,190
Total other long-term liabilities	98,714,980	32,412	232,949	4,603,330	-	-	(105,871)	103,477,800
Total liabilities	224,619,529	20,014,193	974,731	4,818,455	8,587,899	33,157,256	(31,851,041)	260,321,022
Net Assets (Deficiency in Net Assets)								
Without donor restrictions	126,573,684	31,659,081	15,990,607	(698,119)	502,737	123,172	(60,766,784)	113,384,378
With donor restrictions	43,825,378	-	-	-	-	-	-	43,825,378
Without donor restrictions - Noncontrolling interest	-	13,597,498	-	-	4,123,102	-	-	17,720,600
Total net assets (deficiency in net assets)	170,399,062	45,256,579	15,990,607	(698,119)	4,625,839	123,172	(60,766,784)	174,930,356
Total liabilities and net assets (deficiency in net assets)	**$ 395,018,591**	**$ 65,270,772**	**$ 16,965,338**	**$ 4,120,336**	**$ 13,213,738**	**$ 33,280,428**	**$ (92,617,825)**	**$ 435,251,378**

Brio Living Services and Affiliates

Consolidating Statement of Activities

Year Ended June 30, 2026

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Operating Revenue								
Net service revenue	$ 75,325,276	$ 110,532,270	$ 2,994,560	$ -	$ 825,792	$ -	$ (350,472)	$ 189,327,426
Investment income	3,531,554	-	2,066	124,167	-	-	-	3,657,787
Life lease income	5,757,800	-	-	606,190	-	-	-	6,363,990
Contributions	391,480	-	(673)	-	(507)	-	-	390,300
Grant revenue	979,752	381,232	-	-	-	-	-	1,360,984
Other operating revenue	4,944,825	778,720	118,178	524,920	108,844	17,127,539	(16,672,369)	6,930,657
Net assets released from restrictions used in operations	2,445,222	-	-	-	-	-	-	2,445,222
Total operating revenue	93,375,909	111,692,222	3,114,131	1,255,277	934,129	17,127,539	(17,022,841)	210,476,366
Operating Expenses								
Salaries and wages	38,267,092	24,517,987	221,861	455,124	155,173	7,777,439	-	71,394,676
Employee benefits and payroll taxes	7,786,788	4,965,519	88,344	78,149	26,177	1,978,312	-	14,923,289
Operating supplies and expenses	5,078,521	3,184,970	238,657	5,528	2,515	109,398	-	8,619,589
Professional services and consultant fees	2,154,570	64,570,481	137,234	355,914	106,376	1,046,415	(529,253)	67,841,737
Repairs and maintenance	2,404,905	-	407,212	-	149,426	20,298	-	2,981,841
Utilities	3,316,564	805,074	290,684	1,095	168,726	586,193	-	5,168,336
Depreciation	12,978,560	1,488,622	936,315	-	532,803	91,763	-	16,028,063
Interest	4,350,611	282,824	-	-	79,930	-	-	4,713,365
Property taxes	1,876,211	-	-	-	-	-	-	1,876,211
Amortization of right-of-use asset	-	24,108	-	-	-	-	-	24,108
Credit loss expense	81,262	-	-	-	-	-	-	81,262
Quality Assurance Assessment	716,567	-	-	-	-	-	-	716,567
Other	14,523,326	4,699,129	598,026	325,525	286,671	5,449,665	(16,493,588)	9,388,754
Total operating expenses	93,534,977	104,538,714	2,918,333	1,221,335	1,507,797	17,059,483	(17,022,841)	203,757,798
Operating (Loss) Income	(159,068)	7,153,508	195,798	33,942	(573,668)	68,056	-	6,718,568
Nonoperating Income (Loss)								
Unrealized gain investments	3,359,041	-	-	-	-	-	-	3,359,041
Change in value of charitable gift annuities	(4,953)	-	-	-	-	-	-	(4,953)
Change in fair value of interest rate swap agreements	717,169	37,213	-	-	-	-	-	754,382
Gain (loss) from investments in joint ventures	10,624,637	-	-	-	-	-	(10,701,831)	(77,194)
Total nonoperating income	14,695,894	37,213	-	-	-	-	(10,701,831)	4,031,276
Excess of Revenue Over (Under) Expenses	14,536,826	7,190,721	195,798	33,942	(573,668)	68,056	(10,701,831)	10,749,844
Transfer (to) from Affiliate	(158,419)	-	10,164	-	-	76,095	-	(72,160)
Net Assets Released from Restrictions for Capital Purposes	4,178,021	8,262	-	-	-	-	-	4,186,283
Increase (Decrease) in Net Assets without Donor Restrictions	**$ 18,556,428**	**$ 7,198,983**	**$ 205,962**	**$ 33,942**	**$ (573,668)**	**$ 144,151**	**$ (10,701,831)**	**$ 14,863,967**

Brio Living Services and Affiliates

Consolidating Statement of Cash Flows

Year Ended June 30, 2026

	Obligated Group	Nonobligated Group	Eliminating Entries	Total
Cash Flows from Operating Activities				
Increase (decrease) in net assets	$ 20,281,150	$ (3,696,636)	$ -	$ 16,584,514
Adjustments to reconcile increase (decrease) in net assets to net cash and restricted cash from operating activities:				
Depreciation	12,992,514	3,049,503	-	16,042,017
Amortization of finance lease	-	24,108	-	24,108
Net realized and unrealized gain on investments	(9,297,833)	-	-	(9,297,833)
Amortization of deferred debt issuance costs, discount, and premium	(42,722)	22,193	-	(20,529)
Credit loss expense	81,262	-	-	81,262
Amortization of deferred life lease income	(5,757,800)	(606,190)	-	(6,363,990)
Proceeds from deferred life lease income	8,939,858	1,181,486	-	10,121,344
Refunds of deferred life leases	(425,469)	-	-	(425,469)
(Gain) loss from investments in joint ventures	(10,624,637)	-	10,701,831	77,194
Change in fair value of interest rate swap agreements	(717,169)	(37,213)	-	(754,382)
Change in value of beneficial interest in trusts	(197,600)	-	-	(197,600)
Transfer to affiliate	158,419	(86,259)	-	72,160
Restricted contributions	(3,520,656)	-	-	(3,520,656)
Changes in operating assets and liabilities that provided (used) cash and restricted cash:				
Resident accounts receivable	846,329	(279,343)	-	566,986
Accounts receivable - Affiliate	1,543,849	(2,123,928)	-	(580,079)
Pledges receivable	1,317,972	-	-	1,317,972
Other assets	105,052	(184,013)	-	(78,961)
Accounts payable	(588,590)	83,707	-	(504,883)
Accrued and other liabilities	997,949	420,799	-	1,418,748
Net cash and restricted cash provided by (used in) operating activities	16,091,878	(2,231,786)	10,701,831	24,561,923
Cash Flows from Investing Activities				
Purchase of property and equipment	(28,518,503)	(5,174,778)	-	(33,693,281)
Purchases of investments	(68,829,475)	(126,233)	-	(68,955,708)
Proceeds from sale and maturities of investments	66,232,154	261,921	-	66,494,075
Investment in Atrio Home Care	(230,000)	-	-	(230,000)
Issuance of note receivable	(100,000)	-	-	(100,000)
Net cash and restricted cash used in investing activities	(31,445,824)	(5,039,090)	-	(36,484,914)

Brio Living Services and Affiliates

Consolidating Statement of Cash Flows (Continued)

Year Ended June 30, 2026

	Obligated Group	Nonobligated Group	Eliminating Entries	Total
Cash Flows from Financing Activities				
Payment on line of credit	$ (3,403,694)	$ -	$ -	$ (3,403,694)
Proceeds from issuance of long-term debt	19,750,042	1,983,063	-	21,733,105
Principal payments on long-term debt	(2,591,849)	(533,773)	-	(3,125,622)
Payment of debt issuance costs	(1,457,352)	-	-	(1,457,352)
Proceeds from refundable life lease obligations	13,268,232	-	-	13,268,232
Refunds of refundable life lease obligations	(4,273,107)	-	-	(4,273,107)
Payments on lease liability	-	(21,526)	-	(21,526)
Change in other long-term liabilities	(2,172)	9,346	-	7,174
Transfer to affiliate	(158,419)	86,259	-	(72,160)
Restricted contributions	3,520,656	-	-	3,520,656
Net cash and restricted cash provided by financing activities	24,652,337	1,523,369	-	26,175,706
Net Increase (Decrease) in Cash and Restricted Cash	9,298,391	(5,747,507)	10,701,831	14,252,715
Cash and Restricted Cash - Beginning of year	25,732,685	31,775,118	-	57,507,803
Cash and Restricted Cash - End of year	**$ 35,031,076**	**$ 26,027,611**	**$ 10,701,831**	**$ 71,760,518**
Classification of Cash and Restricted Cash				
Cash	$ 29,338,202	$ 36,189,983	$ -	$ 65,528,185
Restricted cash in assets limited as to use	5,692,874	539,459	-	6,232,333
Total cash and restricted cash	**$ 35,031,076**	**$ 36,729,442**	**$ -**	**$ 71,760,518**

Brio Living Services and Affiliates

Obligated Group Combining Balance Sheet

June 30, 2026

	Porter Hills Presbyterian Village, Inc.	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark Retirement Community	Porter Hills Home Health Services West	UMRC and Porter Hills Foundation	Eliminating Entries	Total
Assets									
Current Assets									
Cash	$ (79,055)	$ 27,538,772	$ (68,758)	$ (25,450)	$ (5,004)	$ 1,803	$ 1,975,894	$ -	$ 29,338,202
Resident accounts receivable - Net	806,896	1,902,732	288,700	2,175	(4,022)	255,467	-	-	3,251,948
Accounts receivable - Affiliates	(8,865,640)	(1,155,464)	6,265,259	7,493,519	(3,088,863)	135	(476,773)	-	172,173
Current portion of pledges receivable	-	-	-	-	-	-	1,397,001	-	1,397,001
Other current assets	445,408	626,750	35,920	85,399	2,919	-	17,495	-	1,213,891
Total current assets	(7,692,391)	28,912,790	6,521,121	7,555,643	(3,094,970)	257,405	2,913,617	-	35,373,215
Assets Limited as to Use	2,675,264	3,007,502	2,566,366	131,720	225,393	-	79,899,487	-	88,505,732
Property and Equipment - Net	91,559,403	64,542,675	25,345,123	13,380,536	5,015,585	-	629,176	-	200,472,498
Beneficial Interest in Trust	-	-	-	-	-	-	1,945,336	-	1,945,336
Pledges Receivable - Net of current portion	-	-	-	-	-	-	2,852,700	-	2,852,700
Other Noncurrent Assets									
Investment in and loans due from related organizations	15,273,394	28,957,917	-	-	-	-	-	21,142,714	65,374,025
Fair value of interest swap agreements	490,184	3,360	-	1,541	-	-	-	-	495,085
Total other noncurrent assets	15,763,578	28,961,277	-	1,541	-	-	-	21,142,714	65,869,110
Total assets	**$ 102,305,854**	**$ 125,424,244**	**$ 34,432,610**	**$ 21,069,440**	**$ 2,146,008**	**$ 257,405**	**$ 88,240,316**	**$ 21,142,714**	**$ 395,018,591**

Brio Living Services and Affiliates

Obligated Group Combining Balance Sheet (Continued)

June 30, 2026

	Porter Hills Presbyterian Village, Inc.	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark Retirement Community	Porter Hills Home Health Services West	UMRC and Porter Hills Foundation	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)									
Current Liabilities									
Accounts payable	$ 7,264,215	$ 410,734	$ 292,773	$ 97,408	$ 27,039	$ 753	$ 33,206	$ -	$ 8,126,128
Current portion of long-term debt	404,855	1,050,000	767,995	418,762	47,150	-	-	-	2,688,762
Current portion of refundable advances on life leases	1,471,600	820,000	1,620,600	707,000	-	-	-	-	4,619,200
Accrued liabilities and other	1,246,549	2,452,921	437,447	97,421	193,640	74,549	187,053	-	4,689,580
Total current liabilities	10,387,219	4,733,655	3,118,815	1,320,591	267,829	75,302	220,259	-	20,123,670
Long-term Debt - Net of current portion	51,535,095	22,744,041	23,329,970	6,948,609	2,164,978	-	-	(941,814)	105,780,879
Other Long-term Liabilities									
Deferred life lease income	13,364,745	3,039,791	13,991,908	4,147,294	-	-	-	-	34,543,738
Refundable advances on life leases - Net of current portion	20,396,631	11,365,973	22,462,767	9,798,613	-	-	-	-	64,023,984
Fair value of interest rate swap agreements	131,146	-	-	-	-	-	-	-	131,146
Other long-term liabilities	-	-	-	-	-	-	16,112	-	16,112
Total other long-term liabilities	33,892,522	14,405,764	36,454,675	13,945,907	-	-	16,112	-	98,714,980
Total liabilities	95,814,836	41,883,460	62,903,460	22,215,107	2,432,807	75,302	236,371	(941,814)	224,619,529
Net Assets (Deficiency in Net Assets)									
Without donor restrictions	6,491,018	83,466,236	(28,470,850)	(1,145,667)	(286,799)	182,103	44,253,115	22,084,528	126,573,684
With donor restrictions	-	74,548	-	-	-	-	43,750,830	-	43,825,378
Total net assets (deficiency in net assets)	6,491,018	83,540,784	(28,470,850)	(1,145,667)	(286,799)	182,103	88,003,945	22,084,528	170,399,062
Total liabilities and net assets (deficiency in net assets)	**$ 102,305,854**	**$ 125,424,244**	**$ 34,432,610**	**$ 21,069,440**	**$ 2,146,008**	**$ 257,405**	**$ 88,240,316**	**$ 21,142,714**	**$ 395,018,591**

Brio Living Services and Affiliates

Obligated Group Combining Statement of Activities

Year Ended June 30, 2026

	Porter Hills Presbyterian Village, Inc.	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark Retirement Community	Porter Hills Home Health Services West	UMRC and Porter Hills Foundation	Eliminating Entries	Total
Operating Revenue									
Net service revenue	$ 20,942,098	$ 41,287,337	$ 4,795,051	$ 2,935,994	$ 2,637,639	$ 2,727,157	$ -	$ -	$ 75,325,276
Investment income	-	-	884	-	1,974	-	3,528,696	-	3,531,554
Life lease income	2,157,950	596,463	2,229,081	774,306	-	-	-	-	5,757,800
Contributions	-	-	-	-	-	-	391,480	-	391,480
Grant revenue	403,133	576,619	-	-	-	-	-	-	979,752
Other operating revenue	2,317,015	1,289,580	811,722	244,250	203,766	77,692	800	-	4,944,825
Net assets released from restrictions used in operations	-	-	-	-	-	-	2,445,222	-	2,445,222
Total operating revenue	25,820,196	43,749,999	7,836,738	3,954,550	2,843,379	2,804,849	6,366,198	-	93,375,909
Operating Expenses									
Salaries and wages	11,921,770	19,447,048	1,437,523	548,941	1,546,159	2,178,530	1,187,121	-	38,267,092
Employee benefits and payroll taxes	2,549,672	3,844,262	240,809	140,788	285,971	502,275	223,011	-	7,786,788
Operating supplies and expenses	1,599,892	2,753,183	447,659	182,251	27,513	43,091	24,932	-	5,078,521
Professional services and consultant fees	796,705	1,129,070	(12,938)	97,295	27,678	42,713	74,047	-	2,154,570
Repairs and maintenance	590,392	883,310	560,068	304,526	60,923	5,686	-	-	2,404,905
Utilities	1,245,565	1,104,463	678,591	149,382	111,651	22,509	4,403	-	3,316,564
Depreciation	6,024,829	3,916,507	1,763,359	581,741	661,516	4,769	25,839	-	12,978,560
Interest	1,756,100	1,115,332	1,006,966	378,993	93,220	-	-	-	4,350,611
Property taxes	340,887	755,187	398,014	315,510	66,613	-	-	-	1,876,211
Credit loss expense	50,121	39,233	-	-	-	(8,092)	-	-	81,262
Quality Assurance Assessment	-	716,567	-	-	-	-	-	-	716,567
Other	4,525,837	5,969,866	1,168,640	507,083	671,353	661,541	1,019,006	-	14,523,326
Total operating expenses	31,401,770	41,674,028	7,688,691	3,206,510	3,552,597	3,453,022	2,558,359	-	93,534,977
Operating (Loss) Income	(5,581,574)	2,075,971	148,047	748,040	(709,218)	(648,173)	3,807,839	-	(159,068)
Nonoperating Income (Loss)									
Unrealized gain on investments	-	-	-	-	-	-	3,359,041	-	3,359,041
Change in value of charitable gift annuities	-	-	-	-	-	-	(4,953)	-	(4,953)
Change in fair value of interest rate swap agreements	654,012	(3,412)	-	66,569	-	-	-	-	717,169
Gain from investments in joint ventures	645,306	4,853,279	-	-	-	-	-	5,126,052	10,624,637
Total nonoperating income	1,299,318	4,849,867	-	66,569	-	-	3,354,088	5,126,052	14,695,894
Excess of Revenue (Under) Over Expenses	(4,282,256)	6,925,838	148,047	814,609	(709,218)	(648,173)	7,161,927	5,126,052	14,536,826
Transfer (to) from Affiliate	(8,541,930)	3,604,515	17,793	-	-	8,889,685	(4,128,482)	-	(158,419)
Net Assets Released from Restrictions for Capital Purposes	-	-	-	-	-	-	4,178,021	-	4,178,021
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (12,824,186)**	**$ 10,530,353**	**$ 165,840**	**$ 814,609**	**$ (709,218)**	**$ 8,241,512**	**$ 7,211,466**	**$ 5,126,052**	**$ 18,556,428**

Brio Living Services and Affiliates

PACE Entities Combining Balance Sheet

June 30, 2026

	Huron Valley PACE	LifeCircles, Inc.	Thome PACE	Total
Assets				
Current Assets				
Cash	$ 9,933,763	$ 14,567,758	$ 7,236,122	$ 31,737,643
Resident accounts receivable - Net	896,533	906,406	918,482	2,721,421
Accounts receivable - Affiliates	-	229,168	-	229,168
Other current assets	80,940	111,372	102,104	294,416
Total current assets	10,911,236	15,814,704	8,256,708	34,982,648
Property and Equipment - Net	12,557,037	12,797,508	4,841,163	30,195,708
Right-of-use Asset - Net	92,416	-	-	92,416
Total assets	**$ 23,560,689**	**$ 28,612,212**	**$ 13,097,871**	**$ 65,270,772**
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 175,605	$ 995,767	$ 151,734	$ 1,323,106
Accounts payable - Affiliates	248,598	-	235,411	484,009
Current portion of long-term debt	360,721	-	423,486	784,207
Current portion of lease liability	22,853	-	-	22,853
Estimated third-party payor settlements	548,111	265,304	127,427	940,842
Accrued liabilities and other	4,308,680	2,326,457	2,103,506	8,738,643
Total current liabilities	5,664,568	3,587,528	3,041,564	12,293,660
Long-term Debt - Net of current portion	6,951,362	-	664,060	7,615,422
Finance Lease Liability - Net of current portion	72,699	-	-	72,699
Fair Value of Interest Rate Swap Agreement	32,412	-	-	32,412
Total liabilities	12,721,041	3,587,528	3,705,624	20,014,193
Net Assets				
Without donor restrictions	10,839,648	13,305,635	7,513,798	31,659,081
Without donor restrictions - Noncontrolling interest	-	11,719,049	1,878,449	13,597,498
Total net assets	10,839,648	25,024,684	9,392,247	45,256,579
Total liabilities and net assets	**$ 23,560,689**	**$ 28,612,212**	**$ 13,097,871**	**$ 65,270,772**

Brio Living Services and Affiliates

PACE Entities Combining Statement of Activities

Year Ended June 30, 2026

	Huron Valley PACE	LifeCircles, Inc.	Thome PACE	Total
Operating Revenue				
Net service revenue	$ 33,883,296	$ 48,255,417	$ 28,393,557	$ 110,532,270
Grant revenue	231,414	43,390	106,428	381,232
Other operating revenue	301,770	446,119	30,831	778,720
Total operating revenue	34,416,480	48,744,926	28,530,816	111,692,222
Operating Expenses				
Salaries and wages	6,716,861	11,130,134	6,670,992	24,517,987
Employee benefits and payroll taxes	1,291,552	2,365,956	1,308,011	4,965,519
Operating supplies and expenses	1,020,678	1,349,262	815,030	3,184,970
Professional services and consultant fees	20,163,058	29,860,908	14,546,515	64,570,481
Utilities	235,022	360,110	209,942	805,074
Depreciation	610,673	518,575	359,374	1,488,622
Interest	210,887	2,366	69,571	282,824
Amortization of right-of-use asset	24,108	-	-	24,108
Other	1,952,717	1,118,126	1,628,286	4,699,129
Total operating expenses	32,225,556	46,705,437	25,607,721	104,538,714
Operating Income	2,190,924	2,039,489	2,923,095	7,153,508
Nonoperating Income - Change in fair value of interest rate swap agreements	37,213	-	-	37,213
Excess of Revenue Over Expenses	2,228,137	2,039,489	2,923,095	7,190,721
Net Assets Released from Restrictions for Capital Purposes	8,262	-	-	8,262
Increase in Net Assets without Donor Restrictions	**$ 2,236,399**	**$ 2,039,489**	**$ 2,923,095**	**$ 7,198,983**

Brio Living Services and Affiliates

Porter Hills HUD Entities Combining Balance Sheet

June 30, 2026

	HUD Corporate Division	Bailey's Grove	Harvest Way	Oak Ridge	River Grove	Station Creek	Walker Meadow	Total
Assets								
Current Assets								
Cash	$ -	$ 43,195	$ 48,838	$ 117,216	$ 50,121	$ 73,443	$ 68,625	$ 401,438
Resident accounts receivable - Net	-	-	6	3,951	2,727	757	1,381	8,822
Other current assets - Prepaid expenses	-	4,185	4,092	3,636	3,670	8,272	4,552	28,407
Total current assets	-	47,380	52,936	124,803	56,518	82,472	74,558	438,667
Assets Limited as to Use	-	97,542	128,294	382,007	139,365	266,221	66,817	1,080,246
Property and Equipment - Net	6,542,767	1,545,655	1,287,745	1,295,530	1,538,429	2,067,898	1,056,284	15,334,308
Other Noncurrent Assets	-	17,827	18,639	18,910	20,016	20,642	16,083	112,117
Total assets	**$ 6,542,767**	**$ 1,708,404**	**$ 1,487,614**	**$ 1,821,250**	**$ 1,754,328**	**$ 2,437,233**	**$ 1,213,742**	**$ 16,965,338**
Liabilities and Net Assets (Deficiency in Net Assets)								
Current Liabilities								
Accounts payable	$ -	$ 14,995	$ 8,867	$ 9,311	$ 10,004	$ 120,800	$ 23,938	$ 187,915
Accounts payable - Affiliates	-	18,748	11,588	10,889	9,975	20,364	80,318	151,882
Accrued liabilities and other	-	13,835	90,774	140,086	46,872	17,724	92,694	401,985
Total current liabilities	-	47,578	111,229	160,286	66,851	158,888	196,950	741,782
Other Long-term Liabilities	(17,366,459)	2,967,503	2,908,839	2,746,936	2,950,047	3,595,443	2,430,640	232,949
Total liabilities	(17,366,459)	3,015,081	3,020,068	2,907,222	3,016,898	3,754,331	2,627,590	974,731
Net Assets (Deficiency in Net Assets) - Without donor restrictions	23,909,226	(1,306,677)	(1,532,454)	(1,085,972)	(1,262,570)	(1,317,098)	(1,413,848)	15,990,607
Total liabilities and net assets (deficiency in net assets)	**$ 6,542,767**	**$ 1,708,404**	**$ 1,487,614**	**$ 1,821,250**	**$ 1,754,328**	**$ 2,437,233**	**$ 1,213,742**	**$ 16,965,338**

Brio Living Services and Affiliates

Porter Hills HUD Entities Combining Statement of Activities

Year Ended June 30, 2026

	HUD Corporate Division	Bailey's Grove	Harvest Way	Oak Ridge	River Grove	Station Creek	Walker Meadow	Total
Operating Revenue								
Net service revenue	$ -	$ 405,896	$ 556,075	$ 596,740	$ 489,129	$ 504,002	$ 442,718	$ 2,994,560
Investment income	-	165	175	677	217	567	265	2,066
Contributions	-	-	-	(673)	-	-	-	(673)
Other operating revenue	-	61,063	22,776	3,055	2,536	26,163	2,585	118,178
Total operating revenue	-	467,124	579,026	599,799	491,882	530,732	445,568	3,114,131
Expenses								
Salaries and wages	-	37,317	33,723	32,152	33,944	47,407	37,318	221,861
Employee benefits and payroll taxes	-	11,204	18,332	12,399	12,113	18,197	16,099	88,344
Operating supplies and expenses	-	64,578	33,566	31,055	33,511	38,636	37,311	238,657
Professional services and consultant fees	-	31,009	22,850	23,540	23,675	18,401	17,759	137,234
Repairs and maintenance	-	81,700	57,575	66,536	67,006	62,094	72,301	407,212
Utilities	-	39,949	69,871	48,396	50,718	43,610	38,140	290,684
Depreciation	317,295	93,492	93,154	106,904	118,456	115,956	91,058	936,315
Other	-	60,561	114,996	109,678	93,716	123,053	96,022	598,026
Total expenses	317,295	419,810	444,067	430,660	433,139	467,354	406,008	2,918,333
Excess of Revenue (Under) Over Expenses	(317,295)	47,314	134,959	169,139	58,743	63,378	39,560	195,798
Transfer from Affiliate	-	814	195	1,328	-	2,057	5,770	10,164
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (317,295)**	**$ 48,128**	**$ 135,154**	**$ 170,467**	**$ 58,743**	**$ 65,435**	**$ 45,330**	**$ 205,962**