ANNUAL DISCLOSURE STATEMENT

for
Souderton Mennonite Homes
Continuing Care Facility

Located at
207 West Summit Street
Souderton, PA 18964
215-723-9881

Franconia Township, Montgomery County

The issuance of a certificate of authority by the Insurance Department of Pennsylvania does not constitute that department's approval, recommendation or endorsement of Souderton Mennonite Homes, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set forth in this disclosure statement.

October 2025

LIVING BRANCHES
Live & Grow – Together

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Summary of Disclosure Statement

1. Name and Address of Facility

Souderton Mennonite Homes
207 West Summit Street
Souderton, Pennsylvania 18964

2. Name and Address of Licensed Provider

Souderton Mennonite Homes
207 West Summit Street
Souderton, Pennsylvania 18964

3. Name, Location, and Telephone Number of Persons to be Contacted to Discuss Admission

Alexandra Metricarti
Chief Advancement Officer
Living Branches
242 West Reliance Road
Souderton, PA 18964
215-368-4438

4. Description of Physical Property of the Facility

Souderton Mennonite Homes is set on approximately 27 acres just outside the borough of Souderton in suburban Montgomery County, Pennsylvania. As a Continuing Care Retirement Community, Souderton Mennonite Homes provides a variety of residential options including villas, cottages, and apartments as well as Personal Care and Health Care facilities.

The community consists of 40 villa residences, 20 cottages, 127 apartments, 8 cottages with garage and 1 four-room house with garage. The Health Care facilities include a 71 bed nursing center, a Personal Care facility with 78 residences, and a memory support center designed to meet the needs of up to 26 persons with cognitive impairment. In addition, the main building houses dining facilities, lounges, recreational and social rooms, laundry and associated support and administrative facilities. The community center includes an auditorium (chapel), banking center, beauty shop, café and convenience store / gift shop.

5. Minimum Age for Admission

An applicant must be sixty-two (62) years of age to be considered for acceptance into the facilities. A spouse/companion must be sixty-two (62) years of age to be considered for acceptance into the facilities.

6. Affiliation of Provider with other Religious, Fraternal, Charitable or Not-For-Profit Organizations

The community is owned and managed by Living Branches, a not-for-profit corporation registered in the Commonwealth of Pennsylvania. Living Branches owns and manages Dock Woods, The Willows of Living Branches, and Souderton Mennonite Homes, which provide continuing care retirement facilities and services. In addition, Living Branches owns and manages Dock Manor, a senior HUD apartment facility and Dock Village, a HUD family housing project.

Living Branches is sponsored by the Mosaic Mennonite Conference of Mennonite Church USA. The organization maintains a covenant relationship with the Conference; however, the Conference has no responsibility for the financial or contractual obligations of Living Branches or any of the subsidiary facilities.

7. Current Resident Population:

Souderton Mennonite Homes 401 Residents

8. Sample of Current Charges for Occupancy

A. Cottages (One Bedroom)

Entrance Fee:	$111,000
Monthly Fee Single Occupancy:	$ 1,593
Monthly Fee Double Occupancy:	$ 1,815

B. Cottages (Two Bedroom with Garage)

Entrance Fee:	$216,000 - $222,000
Monthly Fee Single Occupancy:	$1,752
Monthly Fee Double Occupancy:	$1,975

C. Villas

Entrance Fee:	$242,000 - $344,500
Monthly Fee Single Occupancy:	$1,826 - $1,999
Monthly Fee Double Occupancy:	$2,006 - $2,179

D. Apartments

Entrance Fee:	$75,000 - $356,000
Monthly Fee Single Occupancy:	$1,589 - $3,120
Monthly Fee Double Occupancy:	$1,837 - $3,368

Disclosure Statement

1. Name, Address, and Type of Organization

Souderton Mennonite Homes, 207 W. Summit Street, Souderton, PA 18964, is a not-for-profit corporation registered in the Commonwealth of Pennsylvania. The Community is owned and managed by Living Branches, a Pennsylvania not-for-profit corporation.

Living Branches is a not-for-profit corporation registered in the Commonwealth of Pennsylvania. It is affiliated with the Mosaic Mennonite Conference of Mennonite Church USA.

2. Information on Officers, Directors and Management

A. Names and Business Addresses of Officers and Directors (Schedule A Attached)

B. Business Experience of Management (Schedule A Attached)

C. Name and address of any professional service firm, association, trust, partnership or corporation to which the provider, and officer or director has an interest which will provide goods, leases or services to the facility

No officer or director has more than a 10% interest in any firm, which will provide goods, leases or services to the facility with the exception of the following:

Director	Firm or Business	Goods or Services
J. Oliver Gingrich, Esq.	Landis, Hunsberger, Gingrich, & Weik, LLP	Legal
Wendell J. Weaver	Alderfer Glass Company	Glass

D. Disclosures Related to Officers and Directors:

No officer or director has been convicted or pleaded nolo contendere to a felony or been held liable in a civil action by final judgment where the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property.

No officer or director is subject to a currently effective injunctive or restrictive order of a court record, or within the past five years had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency arising out of or relating to business activity or health care.

3. Provider's Affiliations with Religious, Charitable or Not-For-Profit Organizations

The community is owned and managed by Living Branches, a not-for-profit corporation registered in the Commonwealth of Pennsylvania. Living Branches owns and manages Dock Woods, The Willows of Living Branches, and Souderton Mennonite Homes which provide continuing care retirement facilities and services. In addition, Living Branches owns and manages Dock Manor, a senior HUD apartment facility and Dock Village, a HUD family housing project.

Living Branches and each of the subsidiary organizations, including Souderton Mennonite Homes, is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Living Branches is sponsored by the Mosaic Mennonite Conference of Mennonite Church USA. The organization maintains a covenant relationship with the Conference; however, the Conference has no responsibility for the financial or contractual obligations of Living Branches or any of the subsidiary facilities.

4. Description and Location of the Facility

Souderton Mennonite Homes is set on approximately 27 acres just outside the borough of Souderton in suburban Montgomery County, Pennsylvania. As a Continuing Care Retirement Community, Souderton Mennonite Homes provides a variety of residential options including villas, cottages, townhomes, and apartments as well as Personal Care and Health Care facilities.

The community consists of 40 villa residences, 20 cottages, 127 apartments, 8 cottages with garage and 1 four-room house with garage. The Health Care facilities include a 71 bed nursing center, a Personal Care facility with 78 residences, and a memory support center designed to meet the needs of up to 26 persons with cognitive impairment. In addition, the main building houses dining facilities, lounges, recreational and social rooms, laundry, and associated support and administrative facilities. The town center includes an auditorium (chapel), banking center, beauty shop, café, and convenience store/gift shop.

5. Services Provided

The attached resident agreement details the services and expenses included in the monthly fees for cottages, apartments and villas.

The monthly fee for all residences includes access to the fitness center and related activities. There is no additional charge for participation in most campus activities. Some instructional classes and organized trips have fees associated with the costs of providing these events.

The facility does not provide medical care for residents in the Residential Living setting as part of the monthly fee. A wellness center is available to residents for consultation with a nurse who can assist in arranging for in-home support services and provide minor health services. These services incur additional fees and are billed in addition to the monthly fee either by the facility or the outside service provider. Charges for health services are in accordance with a schedule of fees published from time to time by the facility.

Souderton Mennonite Homes also manages health care facilities on the campus including a nursing center, a Personal Care facility and a Personal Care facility for persons with dementia. An additional agreement must be executed by the resident for admission into the health care facilities. Residents under a continuing care agreement are on a priority basis for admission into the care facilities but are in no way guaranteed admission into the facilities.

6. Description of Fees to be Charged

A. Current Entrance Fees

	Square Feet	Entrance Fee
Cottages		
One Bedroom Cottage	610	$111,000
Two Bedroom with Garage	1120	$216,000 - $222,000
Villas		
Villa A	1257	$242,000
Villa B	1362	$287,000
Villa C	1257	$321,500 - $332,500
Villa D	1362	$325,000 - $344,500
Apartments		
Studio	431 - 475	$ 75,000 - $ 88,000
One Bedroom	550 - 872	$135,500 - $235,000
Two Bedroom	867 - 1457	$235,000 - $356,000

B. Periodic Fee Adjustment

The periodic or monthly fee may be increased or decreased based upon increases or decreases in the cost of operation in the current fiscal year. No such increase or decrease shall be effective

until Resident has received at least thirty (30) days notice of such change, unless such change is required by State or Federal Assistance Programs.

C. Periodic Fee Increases in the Last Five Years

1. **Cottages**

Effective Date		Single Occupancy	Double Occupancy
July 1, 2025	One Bedroom	$1,593	$1,815
	Two Bedroom	$1,752	$1,975
July 1, 2024	One Bedroom	$1,532	$1,745
	Two Bedroom	$1,685	$1,898
July 1, 2023	One Bedroom	$1,473	$1,678
	Two Bedroom	$1,620	$1,825
July 1, 2022	One Bedroom	$1,403	$1,598
	Two Bedroom	$1,544	$1,739
July 1, 2021	One Bedroom	$1,299	$1,480
	Two Bedroom	$1,429	$1,610

2. Apartments

Effective Date		Single Occupancy	Double Occupancy
July 1, 2025	Studio	$1,589 - $1,713	$1,837 - $1,961
	One Bedroom	$1,877 - $2,199	$2,125 – $2,447
	Two Bedroom	$2,211 - $3,120	$2,459 - $3,368
July 1, 2024	Studio	$1,528 - $1,647	$1,766 - $1,885
	One Bedroom	$1,805 - $2,114	$2,043 - $2,352
	Two Bedroom	$2,126 - $3,000	$2,364 - $3,238
July 1, 2023	Studio	$1,469 - $1,584	$1,698 - $1,813
	One Bedroom	$1,736 - $2,044	$1,965 - $2,273
	Two Bedroom	$2,044 - $2,517	$2,273 - $2,746
July 1, 2022	Studio	$1,399 - $1,509	$1,617 - $1,727
	One Bedroom	$1,653 - $1,936	$1,871 - $2,154
	Two Bedroom	$1,947 - $2,397	$2,165 - $2,615
July 1, 2021	Studio	$1,295 - $1,397	$1,497 - $1,599
	One Bedroom	$1,531 - $1,803	$1,733 - $2,005
	Two Bedroom	$1,803 - $2,219	$2,005 - $2,421

3. Villas

Effective Date		Single Occupancy	Double Occupancy
July 1, 2025	One Bedroom	$1,826	$2,006
	Two Bedroom	$1,826 - $1,999	$2,006 - $2,179
July 1, 2024	One Bedroom	$1,756	$1,929
	Two Bedroom	$1,756 - $1,922	$1,929 - $2,095
July 1, 2023	One Bedroom	$1,688	$1,854
	Two Bedroom	$1,688 - $1,848	$1,854 - $2,014

July 1, 2022	One Bedroom	$1,608	$1,766
	Two Bedroom	$1,608 - $1,760	$1,766 - $1,918
July 1, 2021	One Bedroom	$1,489	$1,635
	Two Bedroom	$1,489 - $1,630	$1,635 - $1,776

7. Annual Cost of Services

The annual cost of providing care and services during the 12-month period ending June 30, 2025, for Residential Living was:

Total operating expenses	$5,582,140
Divide by total resident days	88,101
Average annual cost per resident day	$63.36
Multiply by	365
Average annual cost per resident	$23,127

8. Facility's Investments

A. Provisions made or to be made by facility to provide reserve funding, or security to enable it to perform its obligations to provide continuing care

The facility has established reserves, which are in compliance with Act 82, the Continuing Care Provider Registration and Disclosure Act.

B. Description of manner in which fund will be invested

Operating funds are invested with local commercial banks in their insured checking accounts and investment management accounts, which include short-term U.S. Government obligation. Reserve funds are invested in negotiable securities including U.S. Government obligations and corporate debt obligations rated AAA.

C. Identification of persons who will make investment decisions and description of their experience to make such decisions

The executive committee of the board of directors makes the investment decisions. The members of the executive committee are as follows:

John W. Duerksen	Chair
Joshua J. Meyer	Vice-Chair
L. Brent Kolb	Treasurer
Wendell J. Weaver	Secretary
Edward D. Brubaker	President/CEO

The officers' business role is included in Schedule A.

9. Notice Regarding Financial Statements

Attached to this statement are certified financial statements for the two most recent years of the provider. Included in the financial statements are:

A. Balance Sheets setting forth assets, liabilities and equity; and

B. Statements of Income, retained earnings or equity, and changes in financial position.

10. Notice Regarding Resident Agreement

Along with this statement is the standard form of resident agreement used by Souderton Mennonite Homes.

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SCHEDULE A
Names and Business Addresses of Officers and Directors

Name	Address	Board	Occupation
John W. Duerksen	[redacted]	Chair	Bank Executive
Joshua J. Meyer		Vice Chair	Financial Consultant
L. Brent Kolb, CPA, MT		Treasurer	CPA
Wendell J. Weaver		Secretary	Retired
J. Todd Alderfer, MD		Director	Physician
Luke J. Bergey		Director	Business Manager
Maura A. Derstein		Director	Business Manager
J. Oliver Gingrich, Esquire		Director	Attorney
Bryan K. Hunsberger		Director	Business Owner
Amy Kolb, RN, BS, CRRN		Director	Nurse
Jane L. Ruth		Director	Retired
Edward D. Brubaker		President/CEO	Executive

242 West Reliance Road, Souderton, PA 18964

Business Experience of Management

Edward Brubaker, President/CEO: Edward began his career with Dock Woods Community in 1984, serving as financial manager, controller, nursing home administrator, executive director, and president/CEO. Since November 2008, he has served as the president/CEO of Living Branches. Edward holds his nursing home administrator license. He has also served on various industry-related committees and boards. Ed currently serves on the Grand View Health Foundation board and the Souderton Telford Rotary Club. Ed has also served for many years with the Peace Church Risk Retention Group, a reciprocal, as the SAC chair and on various committees, including chair of the underwriting committee. Ed has served on the Mennonite Health Services board, Univest Foundation board, the LeadingAge PA's public policy committee, the Southeastern Pennsylvania Chapter of LeadingAge PA board of directors, and an insurance group for workers' compensation. He holds a Bachelor of Science degree from Eastern Mennonite University.

Monique Cole, Chief Operating Officer: Prior to Living Branches, Monique served as executive director at The Lutheran Home at Topton. Monique has also served in various roles at Coventry Manor Nursing Home in Pottstown, Kindred Transitional Care in Wyomissing, and Atria Senior Living in Kimberton. Monique has a Bachelor's degree in Business Administration from Alvernia University, a Nursing Home Administrator license, and a Personal Care Home Administrator license. Monique joined Living Branches as executive director of Souderton Mennonite Homes and The Willows of Living Branches in September 2017. Monique assumed the position of chief operating officer in September 2023, while continuing to provide direct campus leadership at Souderton Mennonite Homes.

Alexandra Metricarti, Chief Advancement Officer: Prior to Living Branches, Alexandra served in a number of marketing positions at Eastern University in St. Davids, Pennsylvania. Her previous work experience also included Spring Arbor University in Michigan and selling real estate. She earned a Bachelor's degree and Master of Business Administration degree from Eastern University. Alexandra joined Living Branches as chief marketing and public relations officer in April 2010.

Steven Myers, Chief Financial and Technology Officer: Steve joined Dock Woods in 1992 as financial manager. Steve served as vice president of facilities and chief financial officer. Prior to joining the Dock Woods team, Steve held positions at UNIVEST and Mennonite Home in Lancaster. Steve earned a Bachelor's degree from Messiah College and a Master of Business Administration degree from Lehigh University. Steve has been the chief financial and technology officer for Living Branches since September 2009.

(over)

Kristin Thim, Chief Human Resources Officer: Prior to Living Branches, Kristin served as the director of recruitment at Grace Inspired Ministries. Her experience in human resources includes several other area organizations, and she was formerly the vice president of human resources at The Community at Rockhill. Kristin has a Bachelor's degree from Holy Family University and is a SHRM Certified Professional. Kristin assumed the role of chief human resources officer at Living Branches in January of 2022, having worked for the organization since January 2020, starting as the director of human resources.

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Living Branches and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

June 30, 2025 and 2024

Living Branches and Controlled Entities

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Living Branches and Controlled Entities

Opinion

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

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

Basis for Opinion

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

Other Matter

As described in Note 17 of the consolidated financial statements, the Corporation restated certain net assets without donor restrictions and net assets with donor restrictions balances and activity previously reported in the 2024 consolidated financial statements. The restatement had no effect on total consolidated net assets as of June 30,2024 or the change in total consolidated net assets for the year ended June 30, 2024.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.



Philadelphia, Pennsylvania
September 26, 2025

Living Branches and Controlled Entities

Consolidated Balance Sheets
June 30, 2025 and 2024

	2025	2024 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	$ 12,346,181	$ 5,386,019
Accounts receivable:		
Residents, net	1,772,953	1,977,595
Entrance fees	1,807,250	604,376
Other	273,153	406,670
Prepaid expenses	1,141,841	1,211,402
Total current assets	17,341,378	9,586,062
Assets Whose Use Is Limited		
Board-designated	148,709,351	137,869,261
Donor-restricted	4,688,084	5,235,308
Restricted deposits	3,040,323	3,160,352
Statutory minimum liquid reserves	1,908,000	1,726,000
Property and Equipment, Net	118,141,557	103,748,931
Derivative Financial Instruments	-	411,228
Other Assets	812,474	746,849
Total assets	$ 294,641,167	$ 262,483,991

	2025	2024 (Restated)
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 803,889	$ 369,486
Accounts payable:		
Trade	2,189,917	1,480,706
Entrance fee refunds	180,764	255,369
Accrued expenses	5,067,940	4,201,389
Total current liabilities	8,242,510	6,306,950
Construction Payables	1,654,548	5,309,657
Long-Term Debt	37,915,126	21,137,970
Refundable Fees and Deposits	27,516,156	26,900,661
Deferred Revenues From Entrance Fees	27,073,062	26,213,602
Derivative Financial Instruments	127,102	-
Refundable Advance	3,128,902	8,997,363
Other Liabilities	86,513	87,436
Total liabilities	105,743,919	94,953,639
Net Assets		
Without donor restrictions	184,039,164	162,025,044
With donor restrictions	4,858,084	5,505,308
Total net assets	188,897,248	167,530,352
Total liabilities and net assets	$ 294,641,167	$ 262,483,991

See notes to consolidated financial statements

Living Branches and Controlled Entities

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025	2024 (Restated)
Net Assets Without Donor Restrictions		
Revenues:		
Net resident service revenues	$ 63,001,183	$ 56,399,981
Other revenues	1,686,450	1,572,626
Net assets released from restrictions	805,231	1,148,381
Total revenues without donor restrictions	65,492,864	59,120,988
Expenses:		
Health care	20,122,713	18,920,012
Dietary	8,449,047	7,785,163
Housekeeping and laundry	2,452,969	2,440,946
Social services and activities	2,401,087	2,066,741
Plant operations	9,572,961	8,863,793
General and administrative	10,192,842	9,957,810
Depreciation	7,836,661	7,234,533
Interest	1,202,389	473,062
Total expenses	62,230,669	57,742,060
Operating income	3,262,195	1,378,928
Other income (loss):		
Employee Retention Credit revenue	5,868,461	-
Loss on disposal of property and equipment	(127,334)	(1,168,086)
Investment income	12,049,128	10,836,890
Change in fair value of derivative financial instruments	(538,330)	1,498,980
Revenues in excess of expenses	$ 20,514,120	$ 12,546,712

See notes to consolidated financial statements

Living Branches and Controlled Entities

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025	2024 (Restated)
Net Assets Without Donor Restrictions		
Revenues in excess of expenses	$ 20,514,120	$ 12,546,712
Net assets released from restrictions, capital	1,500,000	1,500,000
Change in net assets without donor restrictions	22,014,120	14,046,712
Net Assets With Donor Restrictions		
Contributions	1,525,106	1,686,905
Interest, dividends and capital gain distributions	40,182	107,983
Net realized and unrealized gain on investments	92,719	551,895
Net assets released from restrictions, operations	(805,231)	(1,148,381)
Net assets released from restrictions, capital	(1,500,000)	(1,500,000)
Change in net assets with donor restrictions	(647,224)	(301,598)
Change in net assets	21,366,896	13,745,114
Net Assets, Beginning	167,530,352	153,785,238
Net Assets, Ending	$ 188,897,248	$ 167,530,352

See notes to consolidated financial statements

Living Branches and Controlled Entities

Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 21,366,896	$ 13,745,114
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,836,661	7,234,533
Loss on disposal of property and equipment	127,334	1,168,086
Amortization of debt issuance costs	28,130	37,659
Provision for (recovery of) credit losses	58,627	(7,706)
Proceeds from nonrefundable entrance fees and deposits	4,487,617	6,728,454
Amortization of entrance fees	(4,831,031)	(4,528,755)
Net realized and unrealized gain on investments	(8,042,723)	(8,327,194)
Change in value of derivative financial instruments	538,330	(1,498,980)
Employee Retention Credit revenue	(5,868,461)	-
Contributions restricted for long-term purposes	(182,791)	(475,710)
Changes in assets and liabilities:		
Accounts receivable, residents and other	279,532	(64,939)
Prepaid expenses	69,561	120,398
Other assets	(65,625)	(56,250)
Accounts payable, trade	709,211	206,965
Accrued expenses	866,551	1,036,376
Other liabilities	(923)	(38,337)
Net cash provided by operating activities	17,376,896	15,279,714
Cash Flows From Investing Activities		
Net sales of investments	(137,594)	2,771,008
Purchase of property and equipment	(26,011,730)	(25,819,393)
Net cash used in investing activities	(26,149,324)	(23,048,385)
Cash Flows From Financing Activities		
Repayment of long-term debt	(307,836)	(56,135)
Proceeds from long-term debt	17,491,265	6,990,267
Proceeds from refundable entrance fees	3,348,781	3,667,831
Refunds of entrance fees and deposits	(2,807,891)	(1,797,339)
Contributions received restricted for long-term purposes	182,791	475,710
Net cash provided by financing activities	17,907,110	9,280,334
Net change in cash, cash equivalents and restricted cash and cash equivalents	9,134,682	1,511,663
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	25,997,233	24,485,570
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 35,131,915	$ 25,997,233
Noncash Investing and Financing Activity		
Obligations incurred for the acquisition of property and equipment	$ 1,654,548	$ 5,309,657
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Consolidated Balance Sheets		
Cash and cash equivalents	$ 12,346,181	$ 5,386,019
Restricted cash and cash equivalents included in assets whose use is limited	22,785,734	20,611,214
Total cash, cash equivalents and restricted cash and cash equivalents	$ 35,131,915	$ 25,997,233
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	$ 1,123,106	$ 362,583
Noncash Disclosures		
Obligations incurred for the acquisition of property and equipment	$ 1,654,548	$ 5,309,657

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Basis of Consolidation

The consolidated financial statements include the accounts of the entities described below. Collectively, the consolidated entities represent the accounts of Living Branches and Controlled Entities (the Corporation). The Corporation operates continuing care retirement communities providing housing, health care and related services to elderly residents through the operation of nursing facilities, personal care units and residential living units. The Corporation also operates two low-income housing projects and a foundation that administers and raises charitable funds to support the Corporation. All significant intercorporate transactions and balances have been eliminated.

Living Branches

Living Branches is a not-for-profit corporation that renders management, negotiation and technical advisory and support services to the controlled entities.

Hatfield Mennonite Home, Inc.

Hatfield Mennonite Home, Inc. (HMH) is a not-for-profit corporation that operates a 72-bed nursing facility, 47 personal care units and 26 personal care dementia units on the Corporation's Dock Woods Campus in Lansdale, Pennsylvania. HMH also operates 55 personal care units, known as The Willows of Living Branches, in Hatfield, Pennsylvania.

Dock Acres, Inc.

Dock Acres, Inc. (DA) is a not-for-profit corporation that operates 174 residential living cottage and villa units and 89 residential living apartment units on the Corporation's Dock Woods Campus.

Souderton Mennonite Homes

Souderton Mennonite Homes (SMH) is a not-for-profit corporation that operates a 71-bed nursing facility, 78 personal care units, 26 personal care dementia units and 197 residential living apartment and cottage units in Souderton, Pennsylvania.

Dock Manor, Inc.

Dock Manor, Inc. (DM) is a not-for-profit corporation that provides housing to low-income elderly or handicap families through the operation of a 100-unit apartment project in Lansdale, Pennsylvania. DM is regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges, operating expenses, distributions to officers or directors and operating methods.

Dock Village, Inc.

Dock Village, Inc. (DV) is a not-for-profit corporation that provides housing to low-income families through the operation of a 100-unit rental housing project in Lansdale, Pennsylvania. DV is regulated by the Pennsylvania Housing Finance Agency (PHFA) with respect to rental charges, operating expenses, distributions to owners and operating methods.

Living Branches Foundation, Inc.

Living Branches Foundation, Inc. (LBF) is a not-for-profit corporation that administers and raises charitable funds to support the Corporation.

The Corporation's primary service area includes Lansdale, Hatfield and Souderton, Pennsylvania and surrounding communities in Montgomery and Bucks Counties, Pennsylvania.

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding assets whose use is limited.

For the purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include cash on hand and other highly liquid, short-term investments purchased with an original maturity of three months or less, including assets whose use is limited.

Accounts Receivable

Resident accounts receivable are reported net of an allowance for credit losses, which represents the Corporation's estimate of expected losses as of the consolidated balance sheets date. The adequacy of the Corporation's allowance for credit losses is reviewed on an ongoing basis using historical payment trends, write-off experience, analysis of receivables portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance as necessary. The allowance for credit losses related to accounts receivable, residents was $376,000 and $357,000 at June 30, 2025 and 2024, respectively. Management considers all entrance fees and other accounts receivable to be fully collectible and, accordingly, no allowance for credit losses was recorded at June 30, 2025 and 2024.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends and capital gain distributions) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheets could change materially in the near term.

Assets Whose Use Is Limited

Assets whose use is limited includes assets set aside by the Board of Directors to meet statutory minimum liquid reserve requirements (Note 4), assets set aside for the general use and purposes of the Corporation, assets whose use by the Corporation has been limited by donors to specific time periods or purposes, assets to be held by the Corporation in perpetuity and restricted deposits under loan agreements related to the low-income housing projects.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Corporation's policy is to capitalize fixed assets in excess of $1,000.

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as part of the cost of acquiring those assets. Interest capitalized was approximately $231,000 in 2025 and $485,000 in 2024.

Derivative Financial Instruments

The Corporation entered into interest rate swap agreements, which are considered derivative financial instruments, to manage the variable rate interest payments due on its long-term debt (Note 7). The interest rate swap agreements are reported at fair value and classified as derivative financial instruments in the consolidated balance sheets. Related changes in fair value are reported in the consolidated statements of operations and changes in net assets as change in fair value of derivative financial instruments.

Debt Issuance Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Amortization expense, which is included as a component of interest expense, was $28,130 in 2025 and $37,659 in 2024.

Entrance Fees

Under entrance fee plans for DA's and SMH's residential living units, payments are received in advance. DA's residential living residents have one entrance fee plan available. The plan has a guaranteed refund component, which ranges from 10% to 50% of the entrance fee paid depending on the age of the resident at admission. The remaining balance is refundable on a decreasing basis; DA deducts 2% of the entrance fee paid from the remaining balance per month of occupancy. SMH's residential living residents have one primary entrance fee plan available. The plan has a guaranteed refund component, which is equal to 25% of the entrance fee paid. The remaining balance is refundable on a decreasing basis; SMH deducts 2% of the entrance fee paid from the remaining balance per month of occupancy.

Refunds to residents at DA and SMH are generally paid within 90 days of the termination of the resident agreement. At June 30, 2025, the gross amount of contractual refund obligations under existing resident agreements approximates $34,787,000.

The guaranteed refund component of entrance fees received is not amortized to income and is classified as refundable fees and deposits in the consolidated balance sheets. The balance of entrance fees received is amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents and is classified as deferred revenues from entrance fees in the consolidated balance sheets. Net resident service revenues include amortization of entrance fees of $4,831,031 in 2025 and $4,528,755 in 2025.

The majority of services provided to residents is paid for on a "fee-for-service" basis and is not included under the entrance fee plans.

The Corporation also offers prospective residents, who do not have the cash or cash equivalents to satisfy the entrance fee requirement at admission, an option to sign a six-month noninterest bearing unsecured note. The notes are expected to be paid when the residents sell their existing personal residence. Entrance fee receivables were approximately $1,807,000 and $604,000 at June 30, 2025 and 2024, respectively, and are included in accounts receivable, entrance fees in the consolidated balance sheets.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors is accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Resident Service Revenues

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

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

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

The Corporation receives revenue for services under third-party payor programs, including Medicare, Medical Assistance and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services.

The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Contract Balances

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

The Corporation's beginning and ending contract liabilities are separately presented on the consolidated balance sheets as of June 30, 2025 and 2024 as deferred revenues from entrance fees. Deferred revenues from entrance fees were $24,443,902 as of June 30, 2023. The Corporation had no contract assets as of June 30, 2025, 2024 and 2023.

Benevolent Care

HMH and SMH provide personal care services to residents who meet certain criteria at amounts less than their established rates. HMH and SMH maintain records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving benevolent care. Because HMH and SMH do not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenues. The difference between the cost of providing services to residents that qualified for benevolent care and the amounts these residents were able to pay for services rendered was approximately $1,322,000 in 2025 and $1,646,000 in 2024.

Income Taxes

Living Branches, HMH, DA, SMH, DM, DV and LBF are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivized employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit was allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer.

The Corporation averaged more than 100 full-time employees (FTEs), but less than 500 FTEs, during 2019. Therefore, the Corporation was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC, while as a small employer in 2021, all of the Corporation's otherwise qualified wages were eligible. For 2020, the ERC equaled 50% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

Management engaged legal counsel as part of determining its eligibility for the ERC for the three quarters ended September 30, 2021. The Corporation applied for and received credits totaling $8,997,363 during 2023. The Corporation accounted for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 for conditional contributions and accordingly, revenues are measured and recognized when barriers are substantially met. Management believes that it qualified for the ERC under the partial suspension provisions. However, given the subjectivity in the eligibility assessment, the Corporation is not recognizing the ERC funds as revenue until barriers are substantially met, or the statute of limitations expires. During 2025, the statute of limitations expired for the quarters ended March 31, 2021 and June 30, 2021 and accordingly, the Corporation recognized ERC revenue of $5,868,461 in the 2025 consolidated statement of operations and changes in net assets. The Corporation will recognize the remaining $3,128,902 recorded as a refundable advance as of June 30, 2025 as revenue when the barriers have been substantially met, or when the statute of limitations expires in 2027.

Performance Indicator

The consolidated statements of operations and changes in net assets include the determination of revenues in excess of expenses (the performance indicator). Operating income includes all operating revenues and expenses that are an integral part of the Corporation's program and supporting activities and net assets released from restrictions to support operating expenditures. Revenues in excess of expenses includes all operating activities, as well as investment income and other nonoperating activities considered to be more unusual and nonrecurring in nature, including loss on disposal of property and equipment and change in fair value of derivative financial instruments.

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

Use of Estimates

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

Reclassifications

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

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through September 26, 2025, the date the consolidated financial statements were available to be issued.

2. Net Resident Service Revenues

HMH and SMH have agreements with third-party payors that provide for payments at amounts different from their established rates. A summary of the principal payment arrangements with major third-party payors follows:

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

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

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

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors.

Net resident service revenues consist of the following for the years ended June 30:

	2025				
	Skilled Nursing	Personal Care	Residential Living	Affordable Housing	Total
Private pay	$ 16,196,520	$ 19,409,106	$ 11,173,861	$ 2,941,550	$ 49,721,037
Medical Assistance	4,844,358	-	-	-	4,844,358
Medicare and other	3,604,757	-	-	-	3,604,757
Amortization of nonrefundable entrance fees	-	-	4,831,031	-	4,831,031
Total	$ 24,645,635	$ 19,409,106	$ 16,004,892	$ 2,941,550	$ 63,001,183

	2024				
	Skilled Nursing	Personal Care	Residential Living	Affordable Housing	Total
Private pay	$ 12,676,374	$ 17,464,782	$ 10,865,738	$ 2,778,248	$ 43,785,142
Medical Assistance	4,362,122	-	-	-	4,362,122
Medicare and other	3,723,962	-	-	-	3,723,962
Amortization of nonrefundable entrance fees	-	-	4,528,755	-	4,528,755
Total	$ 20,762,458	$ 17,464,782	$ 15,394,493	$ 2,778,248	$ 56,399,981

3. Liquidity and Availability of Resources

Financial assets available for general expenditures within one year of the consolidated balance sheets date consist of the following at June 30:

	2025	2024
Cash and cash equivalents	$ 12,346,181	$ 5,386,019
Accounts receivable, resident, net	1,772,953	1,977,595
Accounts receivable, entrance fees	1,807,250	604,376
Accounts receivable, other	273,153	406,670
Assets whose use is limited, board-designated	148,709,351	137,869,261
Total financial assets	164,908,888	146,243,921
Less pledges receivable, net	(170,000)	(270,000)
Less board-designated assets designated for benevolent care	(48,804,668)	(43,300,977)
Less board-designated assets designated for capital and other long-term purposes	(45,715,770)	(41,157,912)
Total financial assets available for general expenditures	$ 70,218,450	$ 61,515,032

The Corporation has board-designated assets whose use is limited which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the above. Certain board-designated assets whose use is limited are designated for benevolent care, capital expenditures and other board-designated purposes. Management does not consider these assets available for general expenditures within one year and excluded these assets from total financial assets available for general expenditures, as indicated above. However, these assets could be made available, if necessary.

The Corporation has other assets whose use is limited for donor-restricted purposes and amounts restricted under government regulated programs. These amounts are not available for general expenditures within one year and are not included above.

The Corporation designated a portion of its investments "reserved" to comply with the requirements of Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82). Although the Corporation does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as the reserves could be made available as necessary.

Additionally, Living Branches maintains a line of credit of $5,000,000 (Note 6).

4. Fair Value Measurements and Assets Whose Use Is Limited

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

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

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

Level 3 - Significant unobservable inputs.

The following tables present financial instruments reported and disclosed at fair value at June 30, 2025 and 2024, by caption on the consolidated balance sheets:

	June 30, 2025			
	Total	**Level 1**	**Level 2**	**Level 3**
Reported at fair value:				
Assets:				
Assets whose use is limited:				
Certificates of deposit	$ 4,470,000	$ 4,470,000	$ -	$ -
U.S. government and government agency obligations	18,907,821	-	18,907,821	-
Corporate bonds, Investment grade	18,708,657	-	18,708,657	-
Exchange traded fund, International equity	3,662,461	3,662,461	-	-
Mutual funds:				
Domestic equity	27,243,160	27,243,160	-	-
International equity	14,434,331	14,434,331	-	-
Fixed income	22,816,202	22,816,202	-	-
Other	4,752,131	4,752,131		
Marketable equity securities	20,565,261	20,565,261	-	-
Total assets whose use is limited	$ 135,560,024	$ 97,943,546	$ 37,616,478	$ -
Liabilities:				
Derivative financial instruments	$ 127,102	$ -	$ 127,102	$ -
Reconciliation of assets whose use is limited to the consolidated balance sheet:				
Assets whose use is limited:				
Cash and cash equivalents	$ 22,785,734			
Assets measured in the fair value hierarchy	135,560,024			
Total assets whose use is limited	$ 158,345,758			

	June 30, 2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Reported at fair value:				
Assets:				
Assets whose use is limited:				
Certificates of deposit	$ 6,030,000	$ 6,030,000	$ -	$ -
U.S. government and government agency obligations	19,265,750	-	19,265,750	-
Corporate bonds, Investment grade	18,957,944	-	18,957,944	-
Exchange traded fund, International equity	3,041,894	3,041,894	-	-
Mutual funds:				
Domestic equity	23,726,486	23,726,486		-
International equity	12,139,564	12,139,564		-
Fixed income	20,383,471	20,383,471	-	-
Other	4,102,775	4,102,775	-	-
Marketable equity securities	19,731,823	19,731,823	-	-
Total assets whose use is limited	$ 127,379,707	$ 89,156,013	$ 38,223,694	$ -
Assets:				
Derivative financial instruments	$ 411,228	$ -	$ 411,228	$ -
Reconciliation of assets whose use is limited to the consolidated balance sheet:				
Assets whose use is limited:				
Cash and cash equivalents	$ 20,611,214			
Assets measured in the fair value hierarchy	127,379,707			
Total assets whose use is limited	$ 147,990,921			

The following reconciles assets whose use is limited by caption on the consolidated balance sheets:

	2025	**2024**
Board-designated	$ 148,709,351	$ 137,869,261
Donor-restricted	4,688,084	5,235,308
Restricted deposits	3,040,323	3,160,352
Statutory minimum liquid reserves	1,908,000	1,726,000
	$ 158,345,758	$ 147,990,921

Valuation Methodologies

Assets whose use is limited are valued at fair value based on quoted market prices in active markets for certificates of deposit, mutual funds, exchange traded funds and marketable equity securities or estimated using quoted prices for the same or similar securities for U.S. government and government agency obligations and corporate bonds.

The Corporation measures its derivative financial instruments (interest rate swap agreements) at fair value using information provided by a third party. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would receive or pay if the interest rate swap agreements were terminated.

Investment Income

Investment income without donor restrictions is comprised of the following for the years ended June 30:

	2025	2024
Interest, dividends and capital gain distributions	$ 4,099,124	$ 3,061,591
Net realized gain on sales of investments	2,321,544	1,209,784
Net unrealized gain on investments	5,628,460	6,565,515
Total	$ 12,049,128	$ 10,836,890

Statutory Minimum Liquid Reserves

In compliance with ACT 82, the Board of Directors designated a portion of board-designated assets whose use is limited "reserved" to meet the requirements of Act 82. The amounts designated at June 30, 2025 were approximately $639,000 for DA and $1,269,000 for SMH (HMH has no units subject to entrance fee agreements) and were calculated as follows:

	DA	SMH
Budgeted operating expenses for the year ending June 30, 2026	$ 8,845,000	$ 26,563,000
Less budgeted depreciation expense	2,455,000	3,053,000
Expenses subject to minimum liquid reserve requirement	6,390,000	23,510,000
Percentage of units subject to entrance fee agreements at June 30, 2025	100%	54%
Subtotal	6,390,000	12,695,000
Statutory requirements	10%	10%
Statutory minimum liquid reserve requirements (a)	$ 639,000	$ 1,269,000

Budgeted debt service requirements for the year ending June 30, 2026:

	DA	SMH
Principal	$ 45,000	$ 359,000
Interest	90,000	764,000
Total	135,000	1,123,000
Percentage of units subject to entrance fee agreements at June 30, 2025	100%	54%
Statutory minimum liquid reserve requirement (b)	$ 135,000	$ 606,000
Greater of (a) or (b) above	$ 639,000	$ 1,269,000

5. Property and Equipment

Property and equipment is as follows at June 30:

	2025	2024
Land	$ 6,946,353	$ 6,946,353
Land improvements	8,947,261	8,353,044
Buildings and building improvements	179,303,858	149,158,364
Furniture and equipment	36,886,247	42,461,346
Total	232,083,719	206,919,107
Less accumulated depreciation	(123,844,658)	(124,078,062)
Total	108,239,061	82,841,045
Construction-in-progress	9,902,496	20,907,886
Property and equipment, net	$ 118,141,557	$ 103,748,931

Construction-in-progress at June 30, 2025 and 2024 primarily consists of costs related to HMH and SMH capital projects; the HMH capital project was completed and placed in service in 2025. The Corporation entered into construction contracts totaling $32,990,899 for the SMH capital projects; costs incurred through June 30, 2025 were $25,358,778.

6. Line of Credit and Letter of Credit

Living Branches has a $5,000,000 demand line of credit with Fulton Bank, N.A. The line of credit bears interest at the one-month Secured Overnight Financing Rate (SOFR) plus 1.50% (5.81% at June 30, 2025). As of June 30, 2025, $3,965,788 was available to be drawn as the remaining balance was restricted for a $1,034,212 letter of credit issued by Fulton Bank, N.A. to Franconia Township related to HMH's construction project. There were no other borrowings at June 30, 2025 and 2024. The line of credit is secured under the terms of the Master Trust Indenture described in Note 7.

7. Long-Term Debt

Long-term debt is as follows at June 30:

	2025	2024
Obligated Group		
National Finance Authority, Revenue Notes, Series A & B of 2023 (the HMH Revenue Notes) payable to Fulton Bank, N.A. The HMH Revenue Notes include maximum principal draw amounts of $4,749,104 (Series A) and $14,272,820 (Series B). Monthly interest only payments were due through October 2024. Beginning in November 2024, the HMH Revenue Notes are due in varying monthly installments, plus interest equal to 80% of the sum of the one-month SOFR plus 1.15% (4.37% at June 30, 2025), through maturity in December 2052. The HMH Revenue Notes include a bank call option on November 1, 2037 and each five-year anniversary thereafter. The HMH Revenue Notes were issued to refinance the existing HMH and DA construction loan and finance capital renovations.		
Revenue Note, Series A	$ 4,688,420	$ 4,749,104
Revenue Note, Series B	14,090,443	11,019,987
National Finance Authority, Revenue Note of 2023 (the SMH Revenue Note) payable to Fulton Bank, N.A. with a maximum principal draw amount of $20,000,000. Monthly interest only payments were due through June 2025. Beginning in July 2025, the SMH Revenue Note is due in varying monthly installments, plus interest equal to 80% of the sum of the one-month SOFR plus 1.15% (4.37% at June 30, 2025), through maturity in June 2053. The SMH Revenue Note includes a bank call option on June 1, 2038 and each five-year anniversary thereafter. The SMH Revenue Note was issued to finance capital renovations.	14,288,431	50,000
Dock Manor, Inc.		
Mortgage payable agreement with Lument Real Estate Capital, LLC due in monthly payments of $37,729, including interest at 5.87% through maturity in February 2058. The proceeds were used to refinance DM's existing mortgage payable and finance capital renovations. The mortgage payable is secured by fixed assets and insured by HUD.	6,574,055	6,638,829
Total	39,641,349	22,457,920
Less current maturities	803,889	369,486
Less unamortized debt issuance costs	922,334	950,464
Long-term debt	$ 37,915,126	$ 21,137,970

During 2023, Living Branches formed an obligated group, which includes Living Branches, DA, HMH and SMH (the Obligated Group) by entering into a Master Trust Indenture dated January 1, 2023 (the MTI). The line of credit agreement (Note 6), the HMH Revenues Notes, and the SMH Revenue Note were issued under the terms of the MTI. The Obligated Group's obligations under the terms of the MTI are collateralized by a mortgage on the Obligated Group's property and equipment and gross revenues. Under the terms of the MTI, the Obligated Group is required to comply with various covenants, including the achievement of certain financial indicators.

Scheduled principal repayments required on long-term debt are as follows:

Years ending June 30:	
2026	$ 803,889
2027	838,812
2028	870,625
2029	911,353
2030	949,138
Thereafter	35,267,532
Total	$ 39,641,349

Derivative Financial Instruments

In October 2022, HMH entered into an interest rate swap agreement with an effective date of February 1, 2023 in connection with the HMH Revenue Notes. The swap agreement expires on November 1, 2037. The notional amount under the swap agreement was $4,902,323 at June 30, 2024, and increased to $18,778,863 as of June 30, 2025. Under the terms of the swap agreement, HMH will pay interest at a fixed rate of 4.029% and the swap counterparty will make payments to HMH based upon a floating rate equal to 80% of one-month SOFR, plus 0.92% (4.37% at June 30, 2025).

In May 2023, SMH entered into an interest rate swap agreement with an effective date of May 1, 2024 in connection with the SMH Revenue Note. The swap agreement expires on June 1, 2038. The notional amount under the swap agreement was $4,470,000 at June 30, 2024, and increased on a monthly basis through June 1, 2025, at which point the notional amount became $20,000,000. Under the terms of the swap agreement, SMH will pay interest at a fixed rate of 3.803% and the swap counterparty will make payments to SMH based upon a floating rate equal to 80% of one-month SOFR, plus 0.92% (4.37% at June 30, 2025).

Payments to or from the counterparty to the swap agreements are classified as a component of interest expense. At June 30, 2025, the estimated fair value of the swap agreements was a liability of $127,102. At June 30, 2024, the estimated fair value of the swap agreements was an asset of $411,228. Changes in the fair value of the swap agreements are included in revenues in excess of expenses since the agreements are not designated as hedging instruments.

8. Accrued Expenses

Accrued expenses are as follows at June 30:

	2025	2024
Paid time off	$ 1,364,163	$ 1,222,934
Retirement plan	1,045,808	946,069
Salaries and wages	1,103,481	965,713
Other	1,362,826	882,679
Utilities	56,313	99,798
Interest	135,349	84,196
Total	$ 5,067,940	$ 4,201,389

9. Housing Assistance Payments

DM has a Section 8 Housing Assistance Payments Contract (the Contract) with HUD which expires in January 2035. Net resident service revenues include housing assistance payments for DM of $802,097 in 2025 and $771,709 in 2024.

DV has a Contract with PHFA which expires in March 2026. Net resident service revenues include tenant assistance payments for DV of $802,144 in 2025 and $738,196 in 2024.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for, or related to, the following at June 30:

	2025	2024
Investments to be held in perpetuity, the income from which is expendable for operations	$ 77,220	$ 77,220
Investments to be held in perpetuity, the income from which is expendable for financial assistance to residents	540,391	540,391
Capital expenditures	954,118	2,271,327
Creative arts therapy	1,149,992	1,141,159
Elizabeth gardens	1,197,183	1,131,810
Other	939,180	343,401
Total	$ 4,858,084	$ 5,505,308

11. Board-Designated Endowment Funds

LBF's board established board-designated endowment funds to support the benevolent care needs of residents of the Corporation. LBF's board adopted investment and spending policies attempt to provide a stream of funding to support the benevolent care needs while seeking to preserve the board-designated endowment funds' assets in perpetuity. LBF relies on a long-term maximum total investment yield strategy with a moderate risk tolerance in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). For purposes of spending, 5% of the five-year running average fund balance valued as of December 31st of each year is available to be appropriated. LBF's board does have the discretion to spend amounts over or under 5% annually.

Changes in endowment net assets without donor restrictions for the years ended June 30, 2025 and 2024 are comprised of the following:

	2025	2024
Endowment net assets, beginning of year	$ 43,300,977	$ 38,640,777
Additions	1,820,804	2,914,964
Appropriations	(1,471,328)	(2,551,617)
Investment return, including interest, dividends, capital gain distributions, fees and realized and unrealized gains and losses	5,154,215	4,296,853
Endowment net assets, end of year	$ 48,804,668	$ 43,300,977

12. Retirement Plan

Living Branches sponsors a defined contribution retirement plan. Contributions to the plan were approximately $1,391,000 in 2025 and $1,241,000 in 2024.

13. Self-Insurance Programs

The Corporation maintains professional liability coverage on a claims-made basis through Peace Church Risk Retention Group (PCRRG), a reciprocal risk retention group. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Corporation's insurance coverage or will have a material adverse effect on the consolidated financial statements.

The Corporation is self-insured for health insurance claims. The Corporation believes all costs related to this self-insurance program have been properly accounted for and accrued at June 30, 2025 and 2024.

14. Contingency, Senior Living Services Industry

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

15. Concentrations of Credit Risk

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

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

16. Functional Expenses

The Corporation provides housing, healthcare and other related services to residents within its geographic location. Expenses relating to providing these services are approximately as follows:

	2025		
	Resident Services	General and Administrative	Total
Salaries, wages and benefits	$ 28,408,233	$ 7,222,276	$ 35,630,509
Contracted services	4,363,025	673,887	5,036,912
Utilities	2,242,428	271,931	2,514,359
Food	2,298,723	-	2,298,723
Supplies	1,488,872	389,557	1,878,429
Real estate taxes	1,486,994	-	1,486,994
Insurance	947,159	-	947,159
Other	1,763,343	1,635,191	3,398,534
Depreciation	7,836,661	-	7,836,661
Interest	1,202,389	-	1,202,389
Total	$ 52,037,827	$ 10,192,842	$ 62,230,669

	2024		
	Resident Services	General and Administrative	Total
Salaries, wages and benefits	$ 25,256,697	$ 6,840,026	$ 32,096,723
Contracted services	5,555,955	777,431	6,333,386
Utilities	2,019,147	144,946	2,164,093
Food	2,171,186	-	2,171,186
Supplies	1,440,792	275,016	1,715,808
Real estate taxes	1,423,404	-	1,423,404
Insurance	826,611	-	826,611
Other	1,382,863	1,920,391	3,303,254
Depreciation	7,234,533	-	7,234,533
Interest	473,062	-	473,062
Total	$ 47,784,250	$ 9,957,810	$ 57,742,060

Certain expense categories above, including real estate taxes, insurance, depreciation and interest are attributable to more than one resident service or support function. The Corporation believes substantially all real estate taxes, insurance, depreciation and interest is applicable to resident services. As such, these expenses were reported in the resident services columns above.

17. Restatement of 2024 Consolidated Financial Statements

The Corporation restated certain net assets without donor restrictions and net assets with donor restrictions balances and activity previously reported in the 2024 consolidated financial statements as a result of a detailed analysis of historical net assets activity and review of relevant documentation. The effects of this restatement are summarized in the table below. The restatement had no effect on total consolidated net assets as of June 30,2024 or the change in total consolidated net assets for the year ended June 30, 2024.

	As Previously Reported	Restatement	Restated
Consolidated Balance Sheet June 30, 2024			
Assets Whose Use is Limited			
Board-designated	$ 128,929,045	$ 8,940,216	$ 137,869,261
Donor-restricted	14,175,524	(8,940,216)	5,235,308
Net Assets			
Without donor restrictions	153,084,828	8,940,216	162,025,044
With donor restrictions	14,445,524	(8,940,216)	5,505,308
Total net assets	167,530,352	-	167,530,352
Consolidated Statements of Operations and Changes in Net Assets For the Year Ended June 30, 2024			
Net Assets Without Donor Restrictions			
Net assets released from restrictions	$ 941,547	$ 206,834	$ 1,148,381
Investment income	9,952,914	883,976	10,836,890
Revenues in excess of expenses	11,455,902	1,090,810	12,546,712
Change in net assets without donor restrictions	12,955,902	1,090,810	14,046,712
Net Assets With Donor Restrictions			
Interest, dividends and capital gain distributions	316,044	(208,061)	107,983
Net realized and unrealized gain on investments	1,227,810	(675,915)	551,895
Net assets released from restrictions	(941,547)	(206,834)	(1,148,381)
Change in net assets with donor restrictions	789,212	(1,090,810)	(301,598)
Change in Net Assets	13,745,114	-	13,745,114

Living Branches and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2025

	Continuing-Care Retirement Communities					Subsidized Housing				
	Living Branches	Souderton Mennonite Homes	Hatfield Mennonite Home, Inc.	Dock Acres, Inc.	Eliminations	Obligated Group Subtotal	Dock Manor, Inc.	Dock Village, Inc.	Living Branches Foundation	Eliminations	Consolidated
Assets											
Current Assets											
Cash and cash equivalents	$ 2,950,561	$ 2,529,573	$ 359,395	$ 5,480,244	$ -	$ 11,319,773	$ 37,133	$ 975,886	$ 13,389	$ -	$ 12,346,181
Accounts receivable:											
Residents, net	54,211	861,865	751,289	69,598	-	1,736,963	10,461	25,529	-	-	1,772,953
Entrance fees	-	462,625	-	1,344,625		1,807,250	-	-	1,026,000	(1,026,000)	1,807,250
Other	22,975	5,107	32,903	6,271	-	67,256	25,113	10,785	169,999	-	273,153
Prepaid expenses	468,753	201,009	85,727	330,062	-	1,085,551	41,436	14,854	-	-	1,141,841
Due from affiliates	485,533	261	721,651	-	(689,211)	518,234	-	-	32,442	(550,676)	-
Total current assets	3,982,033	4,060,440	1,950,965	7,230,800	(689,211)	16,535,027	114,143	1,027,054	1,241,830	(1,576,676)	17,341,378
Assets Whose Use Is Limited											
Board-designated	14,992,650	31,973,092	12,439,198	39,755,151	-	99,160,091	-	-	49,549,260	-	148,709,351
Donor-restricted	-	-	-	-	-	-	-	-	4,688,084	-	4,688,084
Beneficial interest in LBF	53,020,234	1,680,035	207,843	-	-	54,908,112	-	571,062	-	(55,479,174)	-
Restricted deposits	687,300	105,946	-	-	-	793,246	1,103,250	1,143,827	-	-	3,040,323
Statutory minimum liquid reserves	-	1,269,000	-	639,000	-	1,908,000	-	-	-	-	1,908,000
Property and Equipment, Net	548,336	54,269,226	31,491,746	26,409,866	(623,165)	112,096,009	4,914,947	1,130,601	-	-	118,141,557
Other Assets	689,748	122,726	-	-	-	812,474	-	-	-	-	812,474
Total assets	$ 73,920,301	$ 93,480,465	$ 46,089,752	$ 74,034,817	$ (1,312,376)	$ 286,212,959	$ 6,132,340	$ 3,872,544	$ 55,479,174	$ (57,055,850)	$ 294,641,167

Living Branches and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2025

		Continuing-Care Retirement Communities					Subsidized Housing				
	Living Branches	Souderton Mennonite Homes	Hatfield Mennonite Home, Inc.	Dock Acres, Inc.	Eliminations	Obligated Group Subtotal	Dock Manor, Inc.	Dock Village, Inc.	Living Branches Foundation	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)											
Current Liabilities											
Current maturities of long-term debt	$ -	$ 359,000	$ 331,481	$ 44,728	$ -	$ 735,209	$ 68,680	$ -	$ -	$ -	$ 803,889
Accounts payable:											
Trade	359,592	780,656	591,451	376,913	-	2,108,612	39,106	42,199	-	-	2,189,917
Entrance fee refunds	-	116,670	28,910	35,184	-	180,764	-	-	-	-	180,764
Accrued expenses	2,289,756	1,031,189	1,240,067	342,677	-	4,903,689	129,844	34,407	-	-	5,067,940
Due to affiliates	-	-	721,652	1	(689,211)	32,442	508,915	9,319	-	(550,676)	-
Total current liabilities	2,649,348	2,287,515	2,913,561	799,503	(689,211)	7,960,716	746,545	85,925	-	(550,676)	8,242,510
Construction Payables	-	1,654,548	-	-	-	1,654,548	-	-	-	-	1,654,548
Long-Term Debt	-	13,630,280	15,908,357	2,142,922	-	31,681,559	6,233,567	-	-	-	37,915,126
Refundable Fees and Deposits	622,731	6,775,042	1,061	21,143,322	-	28,542,156	-	-	-	(1,026,000)	27,516,156
Deferred Revenues From Entrance Fees	-	10,189,194	-	16,883,868	-	27,073,062	-	-	-	-	27,073,062
Derivative Financial Instruments	127,102	-	-	-	-	127,102	-	-	-	-	127,102
Refundable Advance	3,128,902	-	-	-	-	3,128,902	-	-	-	-	3,128,902
Other Liabilities	-	-	-	-	-	-	42,674	43,839	-	-	86,513
Total liabilities	6,528,083	34,536,579	18,822,979	40,969,615	(689,211)	100,168,045	7,022,786	129,764	-	(1,576,676)	105,743,919
Net Assets (Deficit)											
Without donor restrictions	64,993,074	57,263,851	27,058,930	33,065,202	(623,165)	181,757,892	(890,446)	3,171,718	50,621,090	(50,621,090)	184,039,164
With donor restrictions	2,399,144	1,680,035	207,843	-	-	4,287,022	-	571,062	4,858,084	(4,858,084)	4,858,084
Total net assets (deficit)	67,392,218	58,943,886	27,266,773	33,065,202	(623,165)	186,044,914	(890,446)	3,742,780	55,479,174	(55,479,174)	188,897,248
Total liabilities and net assets (deficit)	$ 73,920,301	$ 93,480,465	$ 46,089,752	$ 74,034,817	$ (1,312,376)	$ 286,212,959	$ 6,132,340	$ 3,872,544	$ 55,479,174	$ (57,055,850)	$ 294,641,167

Living Branches and Controlled Entities

Consolidating Schedule, Statement of Operations and Changes in Net Assets
Year Ended June 30, 2025

		Continuing-Care Retirement Communities					Subsidized Housing				
	Living Branches	Souderton Mennonite Homes	Hatfield Mennonite Home, Inc.	Dock Acres, Inc.	Eliminations	Obligated Group Subtotal	Dock Manor, Inc.	Dock Village, Inc.	Living Branches Foundation	Eliminations	Consolidated
Net Assets (Deficit) Without Donor Restrictions											
Revenues:											
Net resident service revenues	$ -	$ 26,497,906	$ 24,055,491	$ 10,052,067	$ (545,831)	$ 60,059,633	$ 1,326,198	$ 1,615,352	$ -	$ -	$ 63,001,183
Other revenues	4,276,053	836,979	1,112,128	16,326	(4,422,979)	1,818,507	53,340	425	-	(185,822)	1,686,450
Net assets released from restrictions	-	-	-	-	-	-	-	-	805,231	-	805,231
Total revenues without donor restrictions	4,276,053	27,334,885	25,167,619	10,068,393	(4,968,810)	61,878,140	1,379,538	1,615,777	805,231	(185,822)	65,492,864
Expenses:											
Health care	-	9,571,435	10,307,920	243,358	-	20,122,713	-	-	-	-	20,122,713
Dietary	-	3,596,294	4,852,488	571,979	(571,714)	8,449,047	-	-	-	-	8,449,047
Housekeeping and laundry	-	1,408,034	859,040	157,687	-	2,424,761	22,225	5,983	-	-	2,452,969
Social services and activities	11,180	1,375,564	813,892	637,699	(545,831)	2,292,504	67,278	41,305	-	-	2,401,087
Plant operations	215,100	3,028,875	2,066,017	3,236,868	(33,280)	8,513,580	489,018	570,363	-	-	9,572,961
General and administrative	3,447,810	4,512,621	4,026,756	1,638,795	(3,824,947)	9,801,035	259,116	318,513	-	(185,822)	10,192,842
Depreciation	158,519	2,916,127	1,920,515	2,514,613	(64,375)	7,445,399	268,519	122,743	-	-	7,836,661
Interest	-	174,714	589,310	71,054	(28,764)	806,314	420,358	-	-	(24,283)	1,202,389
Total expenses	3,832,609	26,583,664	25,435,938	9,072,053	(5,068,911)	59,855,353	1,526,514	1,058,907	-	(210,105)	62,230,669
Operating income (loss)	443,444	751,221	(268,319)	996,340	100,101	2,022,787	(146,976)	556,870	805,231	24,283	3,262,195
Other income (loss):											
Employee Retention Credit revenue	5,868,461	-	-	-	-	5,868,461	-	-	-	-	5,868,461
Loss on disposal of property and equipment	-	(127,334)	-	-	-	(127,334)	-	-	-	-	(127,334)
Investment income	740,513	2,449,520	1,061,770	2,333,080	(35,726)	6,549,157	8,316	45,553	5,470,385	(24,283)	12,049,128
Change in value of beneficial interest in LBF	5,693,477	-	-	-	-	5,693,477	-	-	-	(5,693,477)	-
Change in fair value of derivative financial instruments	(538,330)	-	-	-	-	(538,330)	-	-	-	-	(538,330)
Revenues in excess of (less than) expenses	12,207,565	3,073,407	793,451	3,329,420	64,375	19,468,218	(138,660)	602,423	6,275,616	(5,693,477)	20,514,120
Net assets released from restrictions, capital	-	1,500,000	-	-	-	1,500,000	-	-	-	-	1,500,000
Transfers from (to) affiliates	34,577	360,083	491,219	(303,740)	-	582,139	-	-	(582,139)	-	-
Change in net asset (deficit) without donor restrictions	12,242,142	4,933,490	1,284,670	3,025,680	64,375	21,550,357	(138,660)	602,423	5,693,477	(5,693,477)	22,014,120
Net Assets With Donor Restrictions											
Contributions	-	-	-	-	-	-	-	-	1,525,106	-	1,525,106
Transfers from (to) affiliates	-	1,500,000	-	-	-	1,500,000	-	-	(1,500,000)	-	-
Interest, dividends and capital gain distributions	-	-	-	-	-	-	-	-	40,182	-	40,182
Net realized and unrealized gain on investments	-	-	-	-	-	-	-	-	92,719	-	92,719
Change in value of beneficial interest in LBF	(1,127,843)	72,030	-	-	-	(1,055,813)	-	408,589	-	647,224	-
Net assets released from restrictions, operations	-	-	-	-	-	-	-	-	(805,231)	-	(805,231)
Net assets released from restrictions, capital	-	(1,500,000)	-	-	-	(1,500,000)	-	-	-	-	(1,500,000)
Change in net assets with donor restrictions	(1,127,843)	72,030	-	-	-	(1,055,813)	-	408,589	(647,224)	647,224	(647,224)
Change in net assets (deficit)	11,114,299	5,005,520	1,284,670	3,025,680	64,375	20,494,544	(138,660)	1,011,012	5,046,253	(5,046,253)	21,366,896
Net Assets (Deficit), Beginning, As Restated *	56,277,919	53,938,366	25,982,103	30,039,522	(687,540)	165,550,370	(751,786)	2,731,768	50,432,921	(50,432,921)	167,530,352
Net Assets (Deficit), Ending	$ 67,392,218	$ 58,943,886	$ 27,266,773	$ 33,065,202	$ (623,165)	$ 186,044,914	$ (890,446)	$ 3,742,780	$ 55,479,174	$ (55,479,174)	$ 188,897,248

* Beginning net assets of Living Branches and SMH were restated to account for changes in the interest in LBF on each entity. This restatement was the result of a detailed analysis of historical net assets without donor restrictions and net assets with donor restrictions activity and review of relevant documentation. Beginning net assets were increased (decreased) by $8,940,216 and ($8,940,216) for Living Branches and SMH, respectively. This restatement had no effect on total consolidated net assets.

Living Branches and Controlled Entities

Obligated Group Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows From Operating Activities	
Change in net assets	$ 20,494,544
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,445,399
Loss on disposal of property and equipment	127,334
Amortization of debt issuance costs	19,713
Provision for credit losses	36,400
Proceeds from nonrefundable entrance fees and deposits	4,487,617
Amortization of entrance fees	(4,831,031)
Net realized and unrealized gain on investments	(4,112,045)
Change in value of beneficial interest in LBF	(4,637,664)
Change in value of derivative financial instruments	538,330
Employee Retention Credit revenue	(5,868,461)
Transfers from LBF, net	(582,139)
Changes in assets and liabilities:	
Accounts receivable, residents and other	203,740
Prepaid expenses	(18,666)
Other assets	(65,625)
Accounts payable, trade	676,462
Accrued expenses	841,029
Net cash provided by operating activities	14,754,937
Cash Flows From Investing Activities	
Net sales of investments	4,193,517
Payments to affiliates, net	(53,905)
Purchase of property and equipment	(25,648,015)
Net cash used in investing activities	(21,508,403)
Cash Flows From Financing Activities	
Repayment of long-term debt	(243,062)
Proceeds from long-term debt	17,491,265
Transfers from LBF, net	582,139
Proceeds from refundable entrance fees	3,563,281
Refunds of entrance fees and deposits	(2,807,891)
Net cash provided by financing activities	18,585,732
Net change in cash, cash equivalents and restricted cash and cash equivalents	11,832,266
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	19,777,529
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 31,609,795
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Consolidated Balance Sheets	
Cash and cash equivalents	$ 11,319,773
Restricted cash and cash equivalents included in assets whose use is limited	20,290,022
Total cash, cash equivalents and restricted cash and cash equivalents	$ 31,609,795
Supplemental Disclosure of Cash Flow Information	
Interest paid, net of amounts capitalized	$ 699,405
Noncash Disclosures	
Obligations incurred for the acquisition of property and equipment	$ 1,654,548