Waverly Heights

2025 DISCLOSURE STATEMENT

April 2026

This Disclosure Statement is being distributed pursuant to the Continuing Care Provider Registration and Disclosure Act of June 18, 1984 (P.L. 391, No. 82). The issuance of a Certificate of Authority by the Insurance Department of the Commonwealth of Pennsylvania does not constitute approval, recommendation or endorsement of the Waverly Heights continuing care retirement community by the PA Insurance Department, nor is it evidence of, nor does it attest to the accuracy or completeness of the information set out in the Disclosure Statement. This Disclosure Statement is distributed to all prospective residents at the time of signing the contract and paying the 10% deposit.

WAVERLY HEIGHTS

ANNUAL DISCLOSURE STATEMENT

APRIL 2026

This Disclosure Statement is being distributed pursuant to the continuing care provider registration and Disclosure Act of June 18, 1984 (P.L. 391, No. 82). The issuance of a Certificate of Authority by the Insurance Department of the Commonwealth of Pennsylvania does not constitute approval, recommendation or endorsement of the Waverly Heights continuing care retirement community by the Pennsylvania Insurance Department, nor is it evidence of, nor does it attest to the accuracy or completeness of the information set out in the Disclosure Statement.

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WAVERLY HEIGHTS
2025 DISCLOSURE STATEMENT

INTRODUCTION

Waverly Heights (the "Community") is a Life Plan Community located at 1400 Waverly Road, Gladwyne, Pennsylvania 19035 licensed by the Commonwealth of Pennsylvania to provide continuing care services at the Community. Waverly Heights is exempt from the payment of federal income tax under Internal Revenue Code Section 501(c)(3). A copy of the determination letter from the Internal Revenue Service is attached as Exhibit A.

From 1986 until early 1996, Waverly Heights leased the property from Gladwyne Waverly Associates, a Pennsylvania limited partnership and original owner of the land and buildings. The lease included a purchase option and the purchase of the property was completed on January 30, 1996.

The Waverly Heights Board of Trustees (the "Board") serve on a voluntary basis and receive no remuneration for their activities related to Waverly Heights. The names and a brief background description of each member are attached as Exhibit B.

Thomas P. Garvin is the President & CEO of the Community. Mr. Garvin has full-time, on-site operational and management responsibility for the Community. A summary of Mr. Garvin's professional background is attached as Exhibit C.

Effective July 1, 2023, Waverly Senior Services ("WSS"), a new Pennsylvania non-profit corporation, serves as the parent corporation of Waverly Heights. WSS is the sole member of Waverly Heights and is exempt from the payment of federal income tax under Internal Revenue Code Section 501(c)(3). WSS does not own or control any other Life Plan Communities. WSS provides certain corporate management responsibilities (such as accounting, information technology and human resources) to Waverly Heights. However, the direct administration, the day-to-day operations, and the services offered at the Community remain the responsibility of Waverly Heights.

DESCRIPTION

The Community occupies 63 acres of woods, gardens and open land in suburban Lower Merion Township, Gladwyne, Pennsylvania. One hundred and forty-nine (149) one- and two-bedroom apartment units and sixty-nine (69) villa units have been constructed on the site. The apartment units are located in three buildings, each two or three stories, and vary in size depending upon whether such units have one or two bedrooms, balconies and dens. All apartment units have one-car garage privileges; the villas have either one- or two-car garage privileges.

The Community also includes a commons building, an early 1900's Manor House and Carriage House, as well as a Health Care Center that includes 31 private skilled nursing suites, 46 personal care suites, 20 private memory support suites, physical, occupational and speech therapy and rehabilitation services, and an outpatient center. The commons building includes dining facilities, an auditorium, art and photography studio, bank, beauty salon, card room, computer room, gift shop, library, fitness center and aerobics studio, lounge, movie theatre, pharmacy, swimming pool, reception rooms and other recreational areas. The outdoor areas include a golf putting green, croquet court, bocce ball, dog park, patios, walking path and formal gardens. The Manor House includes a conference room, library, dining room and living room plus overnight guest accommodations.

SERVICES

Waverly Heights provides numerous services as part of the monthly service fee. General Services include utilities, weekly light house cleaning, bed linens and towels and weekly laundering, maintenance and repair of Waverly property and equipment, grounds maintenance, local transportation, activities, dining services (one meal per day in fee), parking and storage, and healthcare.

All healthcare at the Community is under the direction of the Waverly Heights Medical Director. For the Monthly Fee, Waverly Heights provides the following healthcare services and facilities for residents:

- A Health Care Center consisting of a skilled nursing facility, personal care suites, a memory support unit, physicians' offices, and a rehabilitative services center;
- Nursing assessments and dietetic consultations;
- Social Work services;
- Fitness Center and Swimming Pool with related exercise programs;
- Social, recreational, intellectual, emotional, physical, spiritual and developmental activities;
- Emergency Call and Resident Monitoring; and
- A Medical Director and other Doctors available.

Portions of Waverly Heights' costs of providing this care are offset by non – contract residents who are private pay, Medicare or other insurances. Insurance coverage must be maintained by each resident over the age of 65 at his or her own expense. Residents of Waverly Heights who have not reached the age of 65 are required to pay for their own medical care.

Waverly Heights offers levels of care based on the needs of residents. If a resident is unable to function independently in his or her residence, the resident may be transferred to a personal care suite following consultation with the resident, the resident's physician and/or his or her family or legal advisors. If the resident's condition requires continuous supervision, the memory support unit or skilled nursing area is available to provide that level of care.

Waverly Heights maintains transfer agreements with one or more local acute care hospitals through the Pennsylvania Healthcare Coalition.

The *Residence and Care Agreement* between Waverly Heights and the residents includes a complete description of the services provided by Waverly Heights to its residents. Each prospective resident receives a copy of the *Residence and Care Agreement* simultaneously with delivery of this *Disclosure Statement.*

A pre-existing medical condition is a condition which in the opinion of Waverly Heights presents a high probability of placement in the Health Care Center on on a temporary or permanent basis. The cost associated with the condition is not covered by the terms of the Residence and Agreement and such condition and type of treatment, if any, will be noted in an addendum.

AFFILIATES

Effective July 1, 2023, Waverly Heights is owned and controlled by its parent entity, WSS, a Pennsylvania non-profit corporation. WSS is the sole member of Waverly Heights and is exempt from the payment of federal income tax under Internal Revenue Code Section 501(c)(3). WSS is also the sole member of Waverly Care ("WC"). As such, Waverly Heights and WC are considered affiliated entities under their shared parent entity. Waverly Heights and WC both have management contracts with WSS. Aside from the above, Waverly Heights is not affiliated with any other religious, charitable or other non-profit organization and is in good corporate standing.

Residents of Waverly Heights may wish to use companion services to address their individual care needs. The purpose of WC is to provide quality caregiver services to residents and non-residents; to maintain operational performance of caregivers; to maintain security on campus: and to help minimize monthly rate increases for Waverly Heights residents.

WSS, WH & WC's financial results are included in the WSS Consolidated Audited Financial Statements. Waverly Heights currently has no felony charges or convictions, civil actions or license suspensions.

FEES

All of the residents of the community lease Occupancy Rights to the living units which they have chosen by paying a 100 or 50% recoverable Occupancy Rights Fee to Waverly Heights, payable in accordance with Section 2 of the *Residence and Care Agreement*. The purchase of Occupancy Rights entitles the residents to participate in all of the programs of the community but does not transfer any ownership rights to the residents. After occupancy and upon termination of the *Residence and Care Agreement*, Waverly Heights will return the lesser of the Occupancy Rights Fee paid by the resident or the Occupancy Rights Fee paid by the new resident of the designated residential unit, less deductions defined in Section 11 of the *Residence and Care Agreement*. Subject to Pennsylvania Act 82 of 1984, all Occupancy Rights Fees paid by residents are the property of Waverly Heights. In the event of a default by Waverly Heights, these fees would be included in the assets pledged as security on the 2019 Revenue Bonds.

In addition to the payment of the Occupancy Rights Fees, residents in the community pay a monthly service fee to Waverly Heights. The schedule of Occupancy Rights Fees and monthly service fees is increased periodically to cover increases in the costs of providing the services to residents. Residents will be provided at least thirty (30) days advance notice of any increase in monthly service fees. Exhibit G notes the amount of the increases in the monthly service fees for a one-bedroom with den apartment with a 100% recoverable fee for the past five years at the Community expressed in both dollars and percentages.

A Contract Fee, in the amount of $20,000 per person, is paid by residents entering Waverly Heights. The Contract Fee is a one-time non-refundable fee established to

support services provided by Waverly Heights in addition to the Occupancy Rights Fees and Monthly Fees. The average annual cost per resident is $121,000.

RESERVE FUNDS/INVESTMENTS

Waverly maintains all of Pennsylvania's required Escrow Accounts, Mandated Reserve Funds, Donor Reserve Funds, and also had over $83 million in unrestricted cash and investments as of December 31, 2025, to help meet its liquidity needs.

WAVERLY HEIGHTS

FINANCING TERMS – Please See Exhibit D & Financial Statement Footnote #7, Page 18

A. Series 2019 Revenue Bonds

Purpose: The proceeds of the Bonds were used to (i) refund and retire all the outstanding Bonds; (ii) funding the costs of terminating an interest rate swap agreement entered into by the Obligor; and (iii) funding the payment of certain costs of issuing the Series 2019 Bonds.

Authority:	Montgomery County Industrial Development Authority
Interest Rate Range:	Fixed Rate - From 3.25% to 5.0%
Bond Issue Principal:	$44,140,000
Balance at 12/31/2025:	$39,005,000
Date of Issuance:	June 1, 2019
Final Maturity:	December 1, 2049
Investment Banks:	Ziegler Capital Markets & M&T Bank

SUMMARY OF INFORMATION

The following is a summary of information presented in this Disclosure Statement:

1. **The Community**: Waverly Heights, 1400 Waverly Road, Gladwyne, PA 19035-1296.

2. **The Provider**: Waverly Heights, 1400 Waverly Road, Gladwyne, PA 19035-1296.

3. **Person to be contacted to discuss admissions**:

Laura Santangelo	Peggy Faha
VP of Community Relations	Sales Counselor
(610) 645-8758	(610) 645-8759

4. **Description of Community**: Residences are located in three, two or three-story apartment buildings and in one-and two-story villas including selected villas with a loft. The Community is located on 63 acres in suburban Lower Merion Township, Gladwyne, PA.

5. **Age Requirements**: Individuals must be 65 years of age or older. Couples must have one spouse who is age 60 or older.

6. **Affiliations**: Waverly Heights is owned and controlled by its parent entity, WSS, a Pennsylvania 501(c)(3) non-profit corporation. WSS is also the sole member of WC. As such, Waverly Heights and WC are considered affiliated entities under their shared parent entity. Aside from the above, Waverly Heights is not affiliated with any other religious, fraternal, charitable or other non-profit organization.

7. **Current Resident Population**: There are approximately 350 residents at Waverly Heights as of December 31, 2025.

8. **1 Bedroom (w/Den) Fees, effective January 1, 2026 (See Exhibit F for more details):**

	SINGLE OCCUPANCY	DOUBLE OCCUPANCY
OCCUPANCY RIGHTS FEE	$ 586,000	$ 634,000
Monthly Service Fee, Traditional Life care Plan:		
100% Recoverable Fee	$ 6,766	$ 9,123
50% Recoverable Fee	$ 5,552	$ 7,909
Monthly Service Fee, Fee For Service Plan:		
100% Recoverable Fee	$ 5,351	$ 7,708
50% Recoverable Fee	$ 3,953	$ 6,310

Internal Revenue Service
District Director

Department of the Treasury

Date: JUL 20 1985

Our Letter Dated:
October 12, 1982
Person to Contact:
K. Smith
Contact Telephone Number:
(215) 597-4168

Waverly Heights, LTD
1466 Hancock Lane
Wayne, PA 19087

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code, because you are an organization of the type described in section 509(a)(2). Your exempt status under section 501(c)(3) of the code is still in effect.

Grantors and contributors may rely on this determination until the Internal Revenue Service publishes notice to the contrary. However, a grantor or a contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(2) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(2) organization.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Cornelius J. Coleman

District Director

P.O. Box 260, Newark, N.J. 07101

Letter 1050 (DO) (7-77)

BOARD OF TRUSTEES
DECEMBER, 2025

The Waverly Heights' Board of Trustees have no equity or beneficial interest in the Corporation. No professional service, firm, association, trust, partnership of corporation provides goods, leases, or services to the facility in which a Trustee has any equity or beneficial interest.

Contact Information for the Board of Trustees is as follows:

Business Address:
Waverly Heights
Attn: Board of Trustees
1400 Waverly Road
Gladwyne, PA 19035
610-645-8601

WAVERLY HEIGHTS
Board of Trustees
JANUARY 2025

Waverly Heights
A Life Plan Community

Steven D. Kirkpatrick
Chair, '25

Executive Vice President and Chief Integration Officer of Intealth (The Educational Commission for Foreign Medical Graduates, ECFMG, Foundation for Advancement of International Medical Education and Research, FAIMER).
Former Director of Finance, Main Line Healthcare;
Former Senior Vice President, Montgomery Healthcare System/Einstein Physicians – Montgomery;
Former Senior Audit Manager, Ernst & Young.

Kenneth L. Brier, '27

President, Mountbatten Holdings, LLC;
Former Chairman and President, Sealord LLC;
Member, The Cosmos Club, Washington D.C.
Board of Directors, Hoxie Harrison Smith Foundation;
Former Board of Directors, The Haverford School;
Former Board of Trustees, Fairleigh Dickinson University;
Former Board of Trustees, Rosemont College;
Former Board of Trustees, Lankenau Hospital Foundation;
Retired Colonel, United States Army.

Lillian N. Cassel, PhD, '28

Professor Emerita, Department of Computing Sciences, Villanova University; Former Department Chair;
Past Chair, ABET Computing Accreditation Commission (CAC);
Past Chair, ACM Special Interest Group in Computer Science Education;
Retired Data Science curriculum development.

Eleanor Davis, '26

Trustee: University of the Arts Philadelphia Pa
Trustee: Community Volunteers in Medicine West Chester, PA
Advisory Board: University of Pennsylvania School of Nursing, Philadelphia, PA
Advisory Board: Program at the Cristo Rey Philadelphia High School, Philadelphia, PA
Presidents Council:Natural Lands, Newtown Square, PA
Former Trustee: Connelly Foundation

Andrea Gilbert, '25

Former President of Bryn Mawr Hospital;
Former Director of Bryn Mawr Trust Bank Corporation;
Former CEO of City Avenue Hospital, Philadelphia.

Ambassador Katherine Shirley
Vice Chair, '27

Former American Ambassador Extraordinary and Plenipotentiary to the Republic of Senegal, United States Foreign Service; Former Deputy Coordinator for Counter-Terrorism, Department of State, Washington, D.C.; Former American Consul General, Palermo, Italy; Trustee, Connecticut Chapter of The Nature Conservancy. Member, Planning and Zoning Commission, Stonington,CT

William Y. Giles '27

Chairman Emeritus of the Philadelphia Phillies;
Veterans' Committee of baseball's Hall of Fame;
Former President, Boy Scouts of America;
Former President, Corporate Alliance for DrugEducation;
Former Board Member, Philadelphia Convention and Tourism Bureau;
Former Board Member, Philadelphia Chamber of Commerce;
Former Board Member, Philadelphia Sports Congress;
Former Board Member, Police Athletic League;
Former Board Member, The Salvation Army.

C. William Hanson, III, MD, '27

Chief Medical Information Officer and Vice President of Penn Medicine;
Professor of Anesthesiology and Critical Care, Surgery and Internal Medicine;
Professor of Computer and Information Science in the School of Engineering and Applied Science;
Penn Medicine Physician;
Board Certified in Anesthesiology, Internal Medicine and Critical Care;
University of Pennsylvania School of Medicine Medical School.
Stanford University Medical Center Residency.
Hospital of the University of Pennsylvania Residency and Fellowship.

David B. MacGregor, '27

Principal, Co-Chair, Energy & Utilities Practice Group, Post & Schell P.C.
Board of Trustees, Bryn Mawr Presbyterian Church, Retired Elder.
Former Secretary and Member of Board of Governors, Merion Golf Club.
Former Member Executive Committee, Orpheus Club of Philadelphia.
Former Member of Board of Director, Wheels.

Edwin B. Mahoney, '26

President, E. B. Mahoney Builders, Inc.
Former Board Chairman, Waverly Heights.
Chairman, Agnes Irwin Building and Grounds Committee.
Committee Chairman and Trustee, National Association of Home Builders.
Board Member, Williamson Trade School and Elk Mountain Ski Area.

WAVERLY HEIGHTS
Board of Trustees
JANUARY 2025

Waverly Heights
A Life Plan Community

Lauren M. Massimo, PhD, CRNP, '26

Assistant Professor, University of Pennsylvania School of Nursing and School of Medicine, Neurology.
Nurse Practitioner, University of Pennsylvania Medical Center Department of Neurology.
Preceptor, Translational Neuroimaging in Alzheimer's Disease and Related Dementias, University of Pennsylvania.
Co-Director, University of Pennsylvania Frontotemporal Degeneration Center.
Executive Committee Member, Individualized Care for At-Risk Older Adults, University of Pennsylvania, School of Nursing.
Fellow, University of Pennsylvania, Institute on Aging.

Emory H. Woodard IV, PhD, '26

Dean of Graduate Studies, Villanova University, College of Liberal Arts and Sciences.
Associate Professor, Department of Communication, Villanova University.
Chair of the Institutional Review Board, Villanova University.
Former Media Studies Coordinator, Villanova University.
Founding Committee Member of the Waterhouse Family Institute.
Member of the Council of Graduate Schools.
Member of the National Communication Association.
Member of the International Communication Association.

Allan L. Rayfield, '27

20 years of Manufacturing and Management experience with General Electric, including Chairman of the Board of GE do Brazil, San Paolo, Brazil.
Former Executive Vice President and Member of the Board, GTE Corporation, Stamford, Connecticut.
Former Chief Executive and Member of the Board of M/A Com, Lowell, Massachusetts.
Former outside independent Director on Corporate Boards of several public companies including Parker Hannifin Corp, Cleveland, Ohio; Acme Steel, Chicago, Illinois; and Arch Wireless, Boston, Massachusetts.
Former Partner Forstman-Rayfield, New York, New York.

Sook Hee Yoo, MD, '28

Former Medical Director of the Geriatric Psychiatry Department, Albert Einstein Hospital & Belmont Behavioral Hospital.
Practiced Geriatric Psychiatry at Lankenau Hospital, Waverly Heights, and other main line hospitals.
Life Fellow from American Psychiatric Association.
Former Board Member, Penn Asian Senior Services.
M.D., Korea University Medical School.
Board Certified, Psychiatry.
Board Certified, Geriatric Psychiatry.

THOMAS P. GARVIN
PRESIDENT

Thomas P. Garvin has served as the President and Chief Executive Officer of Waverly Heights since July 2010. From 2006 until joining Waverly Heights, Mr. Garvin was the Executive Director/Senior Administrator for Christ's Home Retirement Community, a Continuing Care Retirement Community located in Bucks County, Pennsylvania. Prior to 2006, Mr. Garvin served as a Regional Director of Operations and Administrator at HCR ManorCare, a national skilled nursing and rehabilitation provider. Mr. Garvin began his professional career in 1991 working in various management positions with The Four Seasons Hotel Corporation in Philadelphia, PA. His background also includes graduating from The Disney University as an intern participating in the Walt Disney World College Program in 1989.

Mr. Garvin received his B.S. in Hotel, Restaurant and Institutional Management from The Pennsylvania State University in 1991. In 1995, he received his Master of Management degree in Health Care Administration from The Pennsylvania State University. He is a licensed Nursing Home Administrator in Pennsylvania. Mr. Garvin has presented at a variety of state and national senior living conferences and events as an expert on the positive impact of hospitality in Senior Living. He frequently serves as a guest lecturer and presenter for the School of Hospitality Management at the University Park Campus of The Pennsylvania State University. In 2023, Mr. Garvin was honored at the Penn State Hotel and Restaurant Society Alumni of the Year for his efforts in educating students about careers in the aging services field.

EXHIBIT D

SUMMARY OF FINANCING

Please see Footnote 7, page 18 of the Consolidated Financial Statements for a detailed summary of our 2019 financing.

EXHIBIT E

NOTICE OF RIGHT TO RESCIND

You may rescind and terminate your Residence and Care Agreement without penalty or forfeiture, within seven (7) days of all parties signing this Agreement. You are not required to move into the continuing care facility (i.e., Waverly Heights) before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within the seven (7) day period.

To rescind your Residence and Care Agreement, mail or deliver a signed and dated copy of this notice, or any other dated, written notice, letter or telegram, stating your desire to rescind to the following address:

Waverly Heights
1400 Waverly Road
Gladwyne, PA 19035-1254
Attention: President

Not later than midnight of the last day for rescission.

Pursuant to this notice, I hereby cancel my Residence and Care Agreement.

Date: _____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

(Printed on page 22 of the Residence and Care Agreement)

Waverly Heights

APARTMENT FEES 2026 - TRADITIONAL LIFECARE PLAN

Apartment Type	Style	Units	Sq.Ft.	OCCUPANCY RIGHTS FEES 100% and 50% Refund Options		MONTHLY SERVICE FEES 100% Refund		50% Refund	
One Bedroom Apartments				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
One bedroom	(E)	2	668	$353,000	$401,000	$5,943	$8,300	$4,881	$7,238
One bedroom	(B)	5	728	$466,000	$514,000	$6,214	$8,571	$5,103	$7,460
One bedroom	(A)	1	716	$505,000	$553,000	$6,370	$8,727	$5,230	$7,587
One bedroom and Den	(I)	17	836	$586,000	$634,000	$6,766	$9,123	$5,552	$7,909
One Bedroom Deluxe	(H-1)	9	1,088	$653,000	$701,000	$7,948	$10,305	$6,522	$8,879
Two Bedroom Apartments				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Two bedroom	(G)	5	1,100	$641,000	$689,000	$7,139	$9,496	$5,860	$8,217
Two bedroom	(H-2)	30	1,088	$669,000	$717,000	$7,948	$10,305	$6,522	$8,879
Two bedroom and Den	(F)	36	1,208	$758,000	$806,000	$8,509	$10,866	$6,984	$9,341
Two bedroom and Den	(J)	6	1,310	$856,000	$904,000	$9,074	$11,431	$7,446	$9,803
Deluxe Apartments	(D)			**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Deluxe Apartments 1	(D1)	12	1,432-1,564	$931,000	$979,000	$10,060	$12,417	$8,255	$10,612
Deluxe Apartments 2	(D2)	8	1,816-1,924	$1,210,000	$1,258,000	$11,335	$13,692	$9,300	$11,657
Deluxe Apartments 3	(D3)	1	2,188	$1,249,000	$1,297,000	$12,075	$14,432	$9,909	$12,266
Deluxe Apartments 4	(D4)	5	2,228-2,296	$1,267,000	$1,315,000	$12,565	$14,922	$10,305	$12,662
Deluxe Apartments 4	(D4)	1	3,018	$1,435,000	$1,483,000	$12,565	$14,922	$10,305	$12,662
Turnberry Apartments				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Turnberry Center	(T1)	2	1,795	$1,210,000	$1,258,000	$10,539	$12,896	$8,641	$10,998
Turnberry Corner	(T2)	8	2,050	$1,257,000	$1,305,000	$11,595	$13,952	$9,508	$11,865

A non-refundable Contract Fee of $25,000 per person is required upon entry and is not included in the above fees.

The double fees above include a Second Person Fee of $48,000 for Occupancy Rights and $2,357 for Monthly Fees.

All fees are effective January 1, 2026

EQUAL HOUSING OPPORTUNITY

EXHIBIT F

Waverly Heights

VILLA FEES 2026 - TRADITIONAL LIFECARE PLAN

Villa Type	Style	Units	Sq.Ft.	OCCUPANCY RIGHTS FEES 100% & 50% Refund Options		MONTHLY SERVICE FEES 100% Refund		MONTHLY SERVICE FEES 50% Refund	
One Level Villa				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Two bedroom, 1 car garage	(V1)	27	1,450	$914,000	$962,000	$9,074	$11,431	$7,446	$9,803
Two bedroom, 2 car garage	(V2)	21	1,578	$1,031,000	$1,079,000	$9,824	$12,181	$8,061	$10,418
Two Level Villa				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Courtyard Villa	(V3)	4	3,421	$1,468,000	$1,516,000	$10,853	$13,210	$8,903	$11,260
Sq. Ft.: 1,759 1st level, 1,662 2nd level									
Center Villa	(V3)	4	3,903	$1,501,000	$1,549,000	$10,957	$13,314	$8,988	$11,345
Sq. Ft.: 1,975 1st level, 1,928 2nd level									
Corner Villa	(V3)	2	4,247	$1,527,000	$1,575,000	$11,166	$13,523	$9,161	$11,518
Sq. Ft.: 2,222 1st level, 2,025 2nd level									
End Villa	(V3)	2	4,391	$1,562,000	$1,610,000	$11,218	$13,575	$9,205	$11,562
Sq. Ft.: 2,345 1st level, 2,046 2nd level									
Two Level Villa with Loft				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Sq. Ft.: 2,346 1st level	(V5)	8	5,148	$1,679,000	$1,727,000	$12,829	$15,186	$10,522	$12,879
2,237 Lower level; 565 Loft									

A non-refundable Contract Fee of $25,000 per person is required upon entry and is not included in the above fees.

The double fees above include a Second Person Fee of $ 48,000 for Occupancy Rights and $2,357 for Monthly Fees.

All fees are effective January 1, 2026.

EQUAL HOUSING OPPORTUNITY

Waverly Heights - 1400 Waverly Road, Gladwyne, PA 19035-1296
Telephone: 610.645.8764 www.waverlyheights.org

EXHIBIT F

Waverly Heights

APARTMENT FEES 2026 - FEE FOR SERVICE HEALTHCARE PLAN

Apartment Type	Style	Units	Sq.Ft.	OCCUPANCY RIGHTS FEES 100% and 50% Refund Options		MONTHLY SERVICE FEES 100% Refund		MONTHLY SERVICE FEES 50% Refund	
One Bedroom Apartments				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
One bedroom	(E)	2	668	$353,000	$401,000	$4,705	$7,062	$3,476	$5,833
One bedroom	(B)	5	728	$466,000	$514,000	$4,918	$7,275	$3,634	$5,991
One bedroom	(A)	1	716	$505,000	$553,000	$5,039	$7,396	$3,723	$6,080
One bedroom and Den	(I)	17	836	$586,000	$634,000	$5,351	$7,708	$3,953	$6,310
One Bedroom Deluxe	(H-1)	9	1,088	$653,000	$701,000	$6,288	$8,645	$4,644	$7,001
Two Bedroom Apartments				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Two bedroom	(G)	5	1,100	$641,000	$689,000	$5,649	$8,006	$4,172	$6,529
Two bedroom	(H-2)	30	1,088	$669,000	$717,000	$6,288	$8,645	$4,644	$7,001
Two bedroom and Den	(F)	36	1,208	$758,000	$806,000	$6,728	$9,085	$4,970	$7,327
Two bedroom and Den	(J)	6	1,310	$856,000	$904,000	$7,176	$9,533	$5,299	$7,656
Deluxe Apartments	(D)			**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Deluxe Apartments 1	(D1)	12	1,432-1,564	$931,000	$979,000	$7,953	$10,310	$5,871	$8,228
Deluxe Apartments 2	(D2)	8	1,816-1,924	$1,210,000	$1,258,000	$8,962	$11,319	$6,613	$8,970
Deluxe Apartments 3	(D3)	1	2,188	$1,249,000	$1,297,000	$9,548	$11,905	$7,045	$9,402
Deluxe Apartments 4	(D4)	5	2,228-2,296	$1,267,000	$1,315,000	$9,932	$12,289	$7,330	$9,687
Deluxe Apartments 4	(D4)	1	3,018	$1,435,000	$1,483,000	$9,932	$12,289	$7,330	$9,687
Turnberry Apartments				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Turnberry Center	(T1)	2	1,795	$1,210,000	$1,258,000	$8,325	$10,682	$6,136	$8,493
Turnberry Corner	(T2)	8	2,050	$1,257,000	$1,305,000	$9,159	$11,516	$6,750	$9,107

A non-refundable Contract Fee of $25,000 per person is required upon entry and is not included in the above fees.

The double fees above include a Second Person Fee of $48,000 for Occupancy Rights and $2,357 for Monthly Fees.

All fees are effective January 1, 2026.

The Fee-for-Service Healthcare Plan does not include the cost of admission to the Health Care Center. Residency in the Health Care Center will be charged at the per diem rates which are as follows in 2026: Windsor Personal Care ranges from $452-$575; Devonshire Memory Support ranges from $539-$566; and Muirfield Skilled Nursing ranges from $566-$666.

EQUAL HOUSING OPPORTUNITY

Waverly Heights - 1400 Waverly Road, Gladwyne PA 19035-1296
Telephone: 610.645.8764 www.waverlyheights.org

EXHIBIT F

Waverly Heights

VILLA FEES 2026 - FEE FOR SERVICE HEALTHCARE PLAN

Villa Type	Style	Units	Sq.Ft.	OCCUPANCY RIGHTS FEES 100% & 50% Refund Options		MONTHLY SERVICE FEES 100% Refund		MONTHLY SERVICE FEES 50% Refund	
One Level Villa				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Two bedroom, 1 car garage	(V1)	28	1,450	$914,000	$962,000	$7,176	$ 9,533	$5,299	$ 7,656
Two bedroom, 2 car garage	(V2)	22	1,578	$1,031,000	$1,079,000	$7,770	$ 10,127	$5,733	$ 8,090
Two Level Villa				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Courtyard Villa	(V3)	4	3,421	$1,468,000	$1,516,000	$8,581	$ 10,938	$6,333	$ 8,690
Sq. Ft.: 1,759 1st level, 1,662 2nd level									
Center Villa	(V3)	4	3,903	$1,501,000	$1,549,000	$8,663	$ 11,020	$6,393	$ 8,750
Sq. Ft.: 1,975 1st level, 1,928 2nd level									
Corner Villa	(V3)	2	4,247	$1,527,000	$1,575,000	$8,830	$ 11,187	$6,519	$ 8,876
Sq. Ft.: 2,222 1st level, 2,025 2nd level									
End Villa	(V3)	2	4,391	$1,562,000	$1,610,000	$8,871	$ 11,228	$6,549	$ 8,906
Sq. Ft.: 2,345 1st level, 2,046 2nd level									
Two Level Villa with Loft				**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
Sq. Ft.: 2,346 1st level	(V5)	8	5,148	$1,679,000	$1,727,000	$10,142	$ 12,499	$7,482	$ 9,839
2,237 Lower level; 565 Loft									

A non-refundable Contract Fee of $25,000 per person is required upon entry and is not included in the above fees.

The double fees above include a Second Person Fee of $48,000 for Occupancy Rights and $2,357 for Monthly Fees.

All fees are effective January 1, 2026.

The Fee-for-Service Healthcare Plan does not include the cost of admission to the Health Care Center. Residency in the Health Care Center will be charged at the per diem rates which are as follows in 2026: Windsor Personal Care ranges from $452-$575; Devonshire Memory Support ranges from $539-$566; and Muirfield Skilled Nursing ranges from $566-$666.

EQUAL HOUSING OPPORTUNITY

Waverly Heights - 1400 Waverly Road, Gladwyne, PA 19035-1296
Telephone: 610.645.8764 www.waverlyheights.org

EXHIBIT G

INCREASES IN MONTHLY FEES

OVER THE PAST FIVE YEARS

	Average Fee Increases		Percentage Increases	
Fee Increase Date	Single Occupant	Second Occupant	Single Occupant	Second Occupant
1/1/2022	$195	$68	3.50%	3.50%
1/1/2023	$274	$90	4.75%	4.75%
1/1/2024	$242	$85	4.00%	4.00%
1/1/2025	$236	$82	3.75%	3.75%
1/1/2026	$245	$85	3.75%	3.75%

Please Note – 1 Bedroom with Den 100% Recovery Traditional Option Pricing.

Pro Forma Income Statement Analysis
Actual to Budget Analysis
For the Twelve Months Ending December 31, 2025

EXHIBIT H

		Actual	Budget	Budget Variance	Variance %	Narrative on Material Variances of > 10% or $200,000
	REVENUE, GAINS & OTHER SUPPORT:					
1	Resident Care Fees	$20,875,696	$21,025,564	($149,868)	-0.7%	
2	Medical Care Fees - SNF	4,970,609	5,014,904	(44,296)	-0.9%	
3	Medical Care Fees- Personal Care	7,395,633	7,368,022	27,611	0.4%	
4	Amortization of Deferred Revenue	1,719,788	1,995,078	(275,289)	-13.8%	Less Termination Income
5	Investment Income	6,189,441	3,617,637	2,571,804	71.1%	Increased Interest, Dividends & Realized Gains
6	Other Income	1,360,980	1,918,647	(557,667)	-29.1%	Less Contract Fees
7	Net Assets Released From Restrictions	456,997	485,995	(28,998)	-6.0%	
8	Total Revenue, Gains and Other Support	42,969,143	41,425,847	1,543,296	3.7%	Please See Above
	EXPENSES:					
9	Salaries	14,359,964	14,543,499	183,535	1.3%	
10	Employee Benefits	4,961,222	4,801,569	(159,653)	-3.3%	
11	Dining Service	2,269,442	2,258,710	(10,732)	-0.5%	
12	General Supplies	1,635,970	1,706,087	70,117	4.1%	
13	Contracted Services	1,986,664	2,063,655	76,991	3.7%	
14	Professional Fees	522,218	573,768	51,550	9.0%	
15	General and Administrative	242,048	642,798	400,750	62.3%	Advertising
16	Maintenance and Repairs	992,874	1,093,141	100,267	9.2%	
17	Utilities	1,643,252	1,681,693	38,441	2.3%	
18	Real Estate Taxes	2,043,237	2,025,310	(17,927)	-0.9%	
19	Insurance	418,897	529,322	110,424	20.9%	Dividends from Insurance Companies
20	Depreciation and Amortization	7,350,977	6,850,000	(500,977)	-7.3%	Higher Capital Costs
21	Interest Expense	1,667,010	1,667,009	(0)	0.0%	
22	WSS Management Fee	2,070,468	2,070,466	(2)	0.0%	
23	Total Expenses	42,164,242	42,507,028	342,785	0.8%	Please See Above
24	Income (loss) from operations	$ 804,901	$ (1,081,181)	$ 1,886,082	174.4%	Please See Above

EXHIBIT I

	E	J
1	**Waverly Heights**	
2	**Statement of Operations**	
7		**2026 Budget**
8	**Operating Revenue**	
9	**Resident care fees**	**$ 20,792,687**
10	**Skilled Nursing Facility**	**5,253,863**
11	**Personal Care unit**	**5,281,756**
12	**Memory Support unit**	**2,629,596**
13	**Amortization of deferred revenue**	**1,845,410**
14	**Dividend and interest income**	**2,917,918**
15	**Net realized gains (losses) on investments**	**2,000,000**
16	**Other income**	**2,177,143**
19	**Net assets released from restrictions**	**444,390**
20		
21	**Total revenue, gains and other support**	**43,342,762**
22		
23	**Operating Expenses:**	
24	**Salaries**	**15,573,584**
25	**Employee benefits**	**5,167,016**
26	**Dining service food cost**	**2,337,317**
27	**General supplies**	**1,712,501**
28	**Contracted services**	**2,070,997**
29	**Professional fees**	**602,510**
31	**Maintenance and repairs**	**1,011,667**
32	**Utilities**	**1,752,808**
33	**Real estate taxes**	**2,126,183**
34	**Insurance**	**623,874**
35	**WSS management fee**	**2,352,607**
36	**Other**	**660,201**
37	**Depreciation & amortization**	**7,500,000**
38	**Interest**	**1,632,543**
40	**Total operating expenses**	**45,123,808**
41	**Income (loss) from Operations**	**(1,781,046)**

In Fall 2026, Waverly Heights expects to begin an expansion project which will add thirty-six new residential living units to its campus. Specifically, there will be three new three-story apartment buildings, each with twelve residential living units. Two of the new apartment buildings will be known as Glenmoor and Stonehaven, respectively. The third building will be an addition to the existing Blair apartment building. Seven older villas will be demolished to build the Glenmoor and Stonehaven apartment buildings. As part of this expansion project, there will also be enhancements to common areas. The expansion project will be constructed over a period of approximately 20-24 months. Township approvals are completed and we have just recently received bids from several local contractors. The financing for the project is in process, with closing expected in August 2026.

There will be five floor plans for the thirty-six apartments ranging from approximately 1,733 to 2,081 square feet. Each apartment building will have eight standard units and four premium units. Premium units will be located on the top floor of the respective apartment buildings and will feature 10+ foot ceiling heights in the living room and bedrooms. Prospective residents of the new apartments may choose between a 100% refundable Occupancy Rights Fee (Entrance Fee) option and a 50% refundable option. The applicable Occupancy Rights Fees range from $1,549,000 to $1,602,000 for single occupancy and from $1,605,000 to $1,658,000 for double occupancy. Under the 100% refundable option, the Monthly Fees range from $11,262 to $12,391 for single occupancy and from $13,781 to $14,910 for double occupancy. Under the 50% refundable option, the Monthly Fees range from $9,235 to $10,161 for single occupancy and from $11,754 to $12,680 for double occupancy. In addition to the above fees, there will be a non-refundable Contract Fee of $37,500 per prospective resident. For premium apartments, $50,000 will be added to the applicable Occupancy Rights Fee and $500 will be added to the applicable Monthly Fee. Reference should be made to the attached pricing reflected in **ATTACHMENT "A"** for further information.

For this expansion project, prospective residents pay a $35,000 Reservation Deposit Fee at the time of reserving an apartment and signing a Reservation Agreement. Upon commencement of construction of the foundation for the building in which the apartment will be located, a prospective resident will make a deposit equal to 10% of the applicable Occupancy Rights Fee (less a credit for the Reservation Deposit Fee and Application Deposit Fee). At the time of executing a Residence and Care Agreement, the prospective resident will pay an additional 25% of the Occupancy Rights Fee. The final payment reflecting the remaining balance of 65% of the Occupancy Rights Fee and the non-refundable Contract Fee of $37,500 per prospective resident is due on or before the date the selected apartment becomes available for occupancy (the "designated occupancy date") or occupancy, whichever is earlier. Reference should be made to the Residence and Care Agreement for further information.

An Entrance Fee Escrow Account is maintained as required by the Continuing Care Provider Registration and Disclosure Act (Act 82). Any money placed in escrow will be invested in accordance with the provisions of Act 82.

Pursuant to 40 P.S. § 3207(a)(10), as of the date of this Amendment to Disclosure Statement, Waverly Heights has yet to commence operations of the on-campus expansion project and thus is providing the following information.

(i) An estimate of the cost of purchasing or constructing and equipping the facility including such related costs as financing expense, legal expense, land costs, occupancy development costs and all other similar costs which the provider expects to incur or become obligated for prior to the commencement of operations.

The estimated total construction cost of the expansion project is $69,000,000.

(ii) A description of any mortgage loan or other long-term financing intended to be used for the financing of the facility, including the anticipated terms and costs of such financing.

The financing for the project is in process, with closing anticipated in Summer 2026. The final form of the financing will be determined by the management and Board during the next couple of months.

(iii) An estimate of the total entrance fees to be received from or on behalf of residents at or prior to commencement of operation of the facility.

Total estimated Occupancy Rights Fees expected to be collected at or before time of commencement of operations are $58,100,000.

(iv) An estimate of the funds, if any, which are anticipated to be necessary to fund start-up losses and provide reserve funds to assure full performance of the obligations of the provider under contracts for the provision of continuing care.

Waverly Heights anticipates start-up losses of approximately $1,000,000 related to the expansion project, all of which is funded from its significant cash and investment reserves of over $86,000,000.

(v) A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged and including a description of the assumptions used for calculating the estimated occupancy rate of the facility and the effect on

the income of the facility of government subsidies for heal n care services, if any, to be provided pursuant to the contracts for continu ng care.

Reference should be made to the Pro Forma specific to the expan on project attached as **ATTACHMENT "B."**

(vi) A projection of estimated operating expenses of the facilit including a description of the assumptions used in calculating the exp nses and separate allowances, if any, for the replacement of equipm nt and furnishings and anticipated major structural repairs or ad itions.

Reference should be made to **ATTACHMENT "B."**

(vii) Identification of any assets pledged as collateral for any pu rpose.

Financing details for construction financing are being negotiated n Spring 2026.

(viii) An estimate of annual payments of principal and interest r equired by any mortgage loan or other long-term financing.

The financing details are currently being negotiated. The long-ter n financing required is estimated at $10,000,000. Management and the Board will ev luate whether to incur any long-term financing or use existing cash and investments at the completion of the project.

All construction plans are contingent on acceptable market dema ds and financing requirements, and all designated occupancy dates are approxi nate and may vary according to changes in approvals, weather conditions, market der ands, and other factors which are beyond Waverly Heights' control. There are no ssurances or guarantees that the entire project will be completed or that the scope of e project will not change. All future dates are approximate and assumes Residence an l Care Agreements were entered into for 100% of the proposed apartments.

ATTACHMENT "A"

OCCUPANCY RIGHTS FEES AND MONTHLY FEES

Pre-Construction Pricing

Traditional Life Care
2028 Rates Starting at:

*Premium apartments are located on the top floor and feature 10+ foot ceiling heights in the living room and bedrooms.

						Occupancy Rights Fees		Monthly Service Fees			
						100% and 50% Refund Options		100% Refund		50% Refund	
Type:	Location:	Features:	Standard Units:	*Premium Units:	Sq. Ft.	Single	Double	Single	Double	Single	Double
A	Blair Addition	2 Bed, 2.5 Bath, + Den, + Study	2	1	1,931	$1,582,000	$1,638,000	$12,251	$14,770	$10,046	$12,565
B	Blair Addition	2 Bed, 2.5 Bath, + Den, + Study	2	1	1,833	$1,549,000	$1,605,000	$12,113	$14,632	$9,932	$12,451
C	Blair Addition	2 Bed, 2.5 Bath, + Den	4	2	1,906	$1,549,000	$1,605,000	$12,113	$14,632	$9,932	$12,451
D	Glenmoor & Stonehaven	2 Bed, 2.5 Bath, + Den, + Study	8	4	2,081	$1,602,000	$1,658,000	$12,391	$14,910	$10,161	$12,680
E	Glenmoor & Stonehaven	2 Bed, 2.5 Bath, + Den	8	4	1,733	$1,549,000	$1,605,000	$11,262	$13,781	$9,235	$11,754

A non-refundable Contract Fee of $37,500 per person will be required upon entry and is not included in the listed fees.

The double fees include a Second Person Fee of $56,000 for Occupancy Rights and $2,519 for Monthly Service Fees.

For premium apartments, a $50,000 Occupancy Rights Fee and $500 Monthly Service Fee will be applied.

All pricing is subject to change.

Pre-Construction Pricing

Fee for Service
2028 Rates Starting at:

*Premium apartments are located on the top floor and feature 10+ foot ceiling heights in the living room and bedrooms.						Occupancy Rights Fees		Monthly Service Fees			
						100% and 50% Refund Options		100% Refund		50% Refund	
Type:	**Location:**	**Features:**	**Standard Units:**	***Premium Units:**	**Sq. Ft.**	**Single**	**Double**	**Single**	**Double**	**Single**	**Double**
A	Blair Addition	2 Bed, 2.5 Bath, + Den, + Study	2	1	1,931	$1,582,000	$1,638,000	$9,678	$12,197	$7,133	$9,652
B	Blair Addition	2 Bed, 2.5 Bath, + Den, + Study	2	1	1,833	$1,549,000	$1,605,000	$9,569	$12,088	$7,052	$9,571
C	Blair Addition	2 Bed, 2.5 Bath, + Den	4	2	1,906	$1,549,000	$1,605,000	$9,569	$12,088	$7,052	$9,571
D	Glenmoor & Stonehaven	2 Bed, 2.5 Bath, + Den, + Study	8	4	2,081	$1,602,000	$1,658,000	$9,789	$12,308	$7,214	$9,733
E	Glenmoor & Stonehaven	2 Bed, 2.5 Bath, + Den	8	4	1,733	$1,549,000	$1,605,000	$8,897	$11,416	$6,557	$9,076

A non-refundable Contract Fee of $37,500 per person will be required upon entry and is not included in the listed fees.

The double fees include a Second Person Fee of $56,000 for Occupancy Rights and $2,519 for Monthly Service Fees.

For premium apartments, a $50,000 Occupancy Rights Fee and $500 Monthly Service Fee will be applied.

All pricing is subject to change.

ATTACHMENT "B"

PRO FORMA

Waverly Heights
A Life Plan Community

IL EXPANSION FINANCIAL MODEL
AS OF APRIL 20, 2026
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SOURCES & USES	7
PROJECT MASTER BUDGET	8-9

Waverly Heights
A Life Plan Community

IL EXPANSION PROJECT
KEY ASSUMPTIONS

The current version of the plan assumes operations are at full capacity for a full year. The timing assumes we reach that point on January 1 of 2029. Once the schedule is better defined, the timing of the project will have a significant impact on the 2026, 2027 & 2028 financial projections in the model, especially relating to the defined timing of construction cost, ORF payments and financing required. Estimates of the 2026 balance sheet impact are included in the 2026 budget and include ORF cash received, construction costs, deferred financing costs, ORF deposits & short-term financing.

A. Revenue

1. Total IL Occupancy Rate – 100%
    a. Total New Units – 36
    b. Less Units Lost – (7)
    c. Net Units Added – 29
2. The 2028 ORF pricing ranges between $1,549,000 and $1,602,000 and is based on similar sized units, which increased by 7.5% per year plus an additional $150,000. The second person ORF is $56,000.
3. Contract fees are included in other income and assumed to be collected in the year prior to full operations start. There are 54 contract fees paid at $37,500 each person.
4. Amortization revenue includes amortization revenue for the 50% non-refundable portions of the ORF's only. 35% or 13 of the 36 units are assumed to have selected the 50% refundable option.
5. 18 or 50% of the units are assumed to have double occupancy.
6. The 2028 monthly maintenance fees for Type A contracts range between $11,262 and $12,391, with the second person 2028 monthly maintenance fee at $2,519 for the 18 double occupancy units.
7. 65% of the new occupants will select the 100% refundable option while 35% will select the 50% option. No Fee-For-Service contracts will be selected.

B. Expenses

1. No management or administrative positions need to be added due to the expansion. The service positions currently included in the budget include:
    a. Maintenance, Transportation & Security – 2.0 FTE's.
    b. Housekeeping & Laundry – 6.0 FTE's.
    c. Dining Services – 6.5 FTE's.
    d. Total - 14.5 FTE's.
2. Benefits – Included for 4.0 FT employees.
3. Profit Sharing Contribution – Included for the 4.0 FT employees.
4. Dining Services Food – Based on 54 residents at 1 meal per day.
5. Real Estate Taxes – $300,000 increase.
6. Property Insurance - $100,000 increase
6. Depreciation – Based on latest construction cost estimates – $1,900,000 per year.
7. Interest Expense – $500,000 based on $8,000,000 @ 6.0% interest.
8. Principal Payments – Approximately $100,000 in the early years.

Waverly Heights
A Life Plan Community

IL EXPANSION PROJECT
KEY ASSUMPTIONS

C. Project Capital Costs

1. The detailed project cost schedules on pages 8-9 were developed by Waverly management. The financial statements reflect the final Board approved budget of $69.0 million in project capital costs.
2. The Deferred financing Costs include capitalized interest of $1.8 million based on an average short-term financing balance of $15M 6% for 2.0 years.
3. Total Contingency - $6.2 million or 9.8%.

D. ORF Payments

1. The timing of ORF payments is driven by the timing of construction.
2. We still need to evaluate the township escrow requirements further, although this is an in and out in the project budget.
3. The current payment schedule that best meets the requirements of the short-term financing (can borrow up to ORF sales total, with a 10% deposit defining a sale) and speeds up the ORF escrow release is:
    - **a.** $35,000 due upon unit reservation selection.
    - **b.** $10% of ORF price due upon start of construction.
    - **c.** 35% less the 10% paid ORF due when a move-in date is determined.
    - **d.** 65% plus the $37,500 Contract Fee is due on the move-in date.

E. Financing Options

1. Management is still working with Ziegler to evaluate our debt strategy and capacity and explore both short-term and long-term financing options.
2. A final decision on short-term financing will be made by mid-year 2026. All short-term debt is paid off with ORF's paid, and LT financing is estimated at $8.0 million.

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Waverly Heights
IL Expansion & Carlton Commons Renovation Projects
2029-2031 Projected Balance Sheets

		December 31		
		2029	2030	2031
1	**Assets:**			
2	Current Assets:			
3	Cash and Cash Equivalents	$ 3,883,547	$ 6,622,751	$ 9,478,577
4	Restricted Cash - Escrow	-	-	-
5	Accounts Receivable:	-	-	-
6	Resident Services	-	-	-
7	Nursing Facilities	-	-	-
8	Occupancy Rights Fees	-	-	-
9	Prepaid Expenses	-	-	-
11	Other Current Assets	-	-	-
12	**Total Current Assets**	**3,883,547**	**6,622,751**	**9,478,577**
13	Investments	-	-	-
14	Assets Limited as to Use:			
15	Bond Debt Service Fund	-	-	-
16	Statutory Minimum Liquid Reserve	195,502	200,009	204,657
17	Foundation Funds - Donor Restricted	-	-	-
18	Property and Equipment:			
19	Land	-	-	-
20	Land Improvements	-	-	-
21	Buildings and Building Improvements	68,115,588	68,115,588	68,115,588
22	Building Equipment	-	-	-
23	Furniture and Fixtures	884,412	884,412	884,412
24	Vehicles	-	-	-
25	Total	69,000,000	69,000,000	69,000,000
26	Accumulated Depreciation	(3,290,479)	(5,170,753)	(7,051,027)
27		65,709,521	63,829,247	61,948,973
28	Construction in Progress	-	-	-
29	Property & Equipment	65,709,521	63,829,247	61,948,973
32	Other Assets	-	-	-
33		-	-	-
34	**Total Assets**	**$ 69,788,570**	**$ 70,652,006**	**$ 71,632,207**

Waverly Heights
IL Expansion & Carlton Commons Renovation Projects
2029-2031 Projected Balance Sheets

		December 31		
		2029	2030	2031
35	**Liabilities and Net Assets (Deficit):**			
36	Current Liabilities:			
37	Accounts Payable	-	-	-
38	Construction Payable	-	-	-
39	Current Portion of Retainage Payable	-	-	-
40	Accrued Expenses	-	-	-
41	Accrued Interest	-	-	-
42	Curr Port of Occup Rights and Recoverable Fees F	-	-	-
43	Refundable Deposits from Prospective Residents	-	-	-
44	Current Portion of Long-Term Debt	104,300	110,733	117,563
45	Current Portion of Short-Term Debt	-	-	-
46	**Total Current Liabilities**	**104,300**	**110,733**	**117,563**
47	Long-Term Debt, Less Current Portion	7,304,109	7,193,376	7,075,813
48	Long-Term Portion of Short-Term Debt	-	-	-
49	Retainage Payable, Less Current Portion	-	-	-
50	Occup Rights & Recoverable Fess, Less Current Portion	47,938,275	47,938,275	47,938,275
51	Deferred Occupancy Rights Fee Revenue	9,151,853	8,134,980	7,118,108
52	**Total Liabilities**	**$ 64,498,537**	**$ 63,377,364**	**$ 62,249,758**
54	Net Assets (Deficit):			
55	Without Donor Restrictions	5,290,033	7,274,642	9,382,449
56	With Donor Restrictions	-	-	-
57	**Total Net Assets (Deficit)**	**$ 5,290,033**	**$ 7,274,642**	**$ 9,382,449**
58	**Total Liabilities and Net Asset (Deficit)**	**$ 69,788,570**	**$ 70,652,006**	**$ 71,632,207**

Waverly Heights
IL Expansion & Carlton Commons Renovation Projects
2029-2031 Projected Statements of Operations & Changes in Net Assets

		Fiscal Year Ended December 31		
		2029	2030	2031
1	**Operating Revenue:**			
2	Resident Care Fees	$ 4,684,153	$ 4,848,098	$ 5,017,781
3	Medical Care Fees:			
4	Skilled Nursing Facility	-	-	-
5	Personal Care	-	-	-
6	Amortization of Deferred Revenue	1,016,873	1,016,873	1,016,873
7	Resident Services Fees	-		
8	Investment Income	-	-	-
9	Other - Contract Fees	-	-	-
10	Net Assets Released from Restrictions	-	-	-
11	**Total Operating Revenue**	5,701,025	5,864,971	6,034,654
12	**Operating Expenses:**			
13	Salaries	573,003	593,058	613,815
14	Employee Benefits	105,697	109,396	113,225
15	Dining Services	257,325	266,331	275,653
16	General Supplies	35,214	36,447	37,723
17	Contracted Services	9,215	9,538	9,872
18	Professional Fees	-	-	-
19	General and Administrative	-	-	-
20	Maintenance and Repairs	-	-	-
21	Utilities	80,370	83,183	86,094
22	Real Estate Taxes	300,000	310,500	321,368
23	Insurance	100,000	103,500	107,123
24	Depreciation and Amortization	1,880,274	1,880,274	1,880,274
25	Interest	494,194	488,135	481,702
26	**Total Operating Expenses**	3,835,292	3,880,362	3,926,847
27	**Income (loss) from operations**	**1,865,733**	**1,984,609**	**2,107,807**
28	**Changes in Net Assets (Deficit) W/O Donor Restrictions**			
29	Income (loss) from operations	1,865,733	1,984,609	2,107,807
30	Net Unrealized Gains (Losses) on Investments	-	-	-
31	Net Assets Released from Restr for Purch of P&E	-	-	-
32	Other	-	-	-
33	**Change in Net Assets without Donor Restrictions**	**1,865,733**	**1,984,609**	**2,107,807**
34	**Changes in Net Assets with Donor Restrictions**			
35	Contributions	-	-	-
36	Net Assets Released from Restrictions	-	-	-
37	**Change in Net Assets with Donor Restrictions**	-	-	-
38	**Change in Net Assets (Deficit)**	**1,865,733**	**1,984,609**	**2,107,807**
39	Net Assets (deficit) at Beginning of Year	3,424,300	5,290,033	7,274,642
40	**Net Assets (Deficit) at End of Year**	**$ 5,290,033**	**$ 7,274,642**	**$ 9,382,449**

Waverly Heights
IL Expansion & Carlton Commons Renovation Projects
2029-2031 Projected Statements of Cash Flows

		Fiscal Year Ended December 31		
		2029	2030	2031
1	**Cash Flows From Operating Activities:**			
2	Change in Net Assets	$ 1,865,733	$ 1,984,609	$ 2,107,807
3	Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:			
4	Amortization of Deferred Revenue	(1,016,873)	(1,016,873)	(1,016,873)
5	Net Realized and Unrealized (Gains) Losses i	-	-	-
6	Restricted Contributions	-	-	-
7	Depreciation and Amortization	1,880,274	1,880,274	1,880,274
8	Proceeds From Sales and Resales of Nonrec	-	-	-
9	Accounts Receivable, Prepaid Exp, Other Ass	-	-	-
10	Charitable Gift Annuity Payable	-	-	-
11	Accounts Payable and Accrued Expenses	-	-	-
12	**Net Cash Provided by Operating Activities**	**2,729,135**	**2,848,010**	**2,971,209**
13	**Cash Flows From Investing Activities:**			
14	Acquisition of Property and Equipment	-	-	-
15	Net (Purchases) of Invstments & Assets Ltd as to L	(48,875)	(4,507)	(4,649)
16	**Net Cash Used in Investing Activities**	**(48,875)**	**(4,507)**	**(4,649)**
17	**Cash Flows From Financing Activities:**			
18	Repayment of Long-Term Debt	(98,241)	(104,300)	(110,733)
19	Proceeds from issuance of long-term debt			
20	Proceeds from (repayment of) of short-term debt	-	-	-
21	Deferred financing costs incurred	-	-	-
22	Proceeds From Sales and Resales of recoverable ORFs			
23	Refunds of Occupancy Rights Fees			
24	Restricted Contributions	-	-	-
25	Net Deposits by Prospective Residents	-	-	-
26	**Net Cash Provided By (Used in) Financing Activ**	**(98,241)**	**(104,300)**	**(110,733)**
27	Net (Decrease) Increase in Cash and Cash Equiva	2,582,018	2,739,203	2,855,827
28	Cash and Cash Equivalents at Beginning of Year	1,301,529	3,883,547	6,622,751
29	**Cash and Cash Equivalents at End of Year**	**$ 3,883,547**	**$ 6,622,751**	**$ 9,478,577**

Waverly Heights
Projected Statements of Cash Flows
Sources & Uses Statement Estimate

		After Bids	Before Bids
	Sources		
1	Occupancy Rights Fees for 36 IL Units	$ 58,107,000	$ 58,107,000
2	Permanent Financing Proceeds	8,000,000	8,000,000
3	Capital Campaign Fundraising	-	-
4	Equity Contribution (Return)	2,893,000	2,893,000
5	Release of Township Escrow + Interest - In & Out	-	
6	**Total Sources**	**$ 69,000,000**	**$ 69,000,000**
	Uses		
7	Architect, Engineering & Design	$ 3,982,804	$ 3,982,804
8	Construction Cost	55,656,050	53,660,885
9	Land Improvements	-	-
10	F & F/Other	884,412	884,412
11	Financing Costs & Capitalized Interest	2,306,000	2,306,000
12	Relocation Package - In 2025-2026 Budgets	-	-
13	Township Escrow - In & Out	-	-
14	Contingency - 9.8% Was 13.4%	6,170,733	8,165,898
15	**Total Uses**	**$ 69,000,000**	**$ 69,000,000**
16	**Excess/(Deficit) of Sources Over Uses**	$ -	$ -

Waverly Heights
IL Expansion Project
Master Estimate for Project

	Description		Value
1	**Design Services**		
2	Architect	$	2,087,435
3	Civil Engineer	$	695,755
4	Geotechnical Consultant	$	173,939
5	Special Inspections Engineering	$	85,444
6	Third Party Plan Review Eng.	$	5,000
7	Landscape Architect	$	134,269
8	Interior Design	$	151,128
9	Design Contingency (5%)	$	166,648
10	*Subtotal Design Services:*	$	3,499,617
11	**Special Services**		
12	Attorney/Legal	$	72,000
13	Insurance/Risk	$	366,187
14	Marketing/PR	$	45,000
15	*Subtotal Special Services:*	$	483,187
16	**Site Construction - Included in Line 25**		
17	Storm Water Management	$	-
18	Sanitary/Sewer	$	-
19	Utility/Underground	$	-
20	Site Prep/Pad Const.	$	-
21	Asphalt/Paving	$	-
22	Site Const. Contingency (5%)	$	-
23	*Subtotal Site Construction:*	$	-
24	**Buildings Construction**		
25	Buildings Construction- Apart. Blds.	$	48,050,632
26	Buildings Construction- Outdoor Terrace	$	3,631,109
27	Interior Renovations- A&B Corridor Upgrades	$	2,030,059
28	Alternates	$	1,944,250
29	*Subtotal Buildings Construction:*	$	55,656,050
30	**Landscaping Construction - Included in Line 25**		
31	Landscaping & Hardscaping	$	-
32	Campus & Grounds Improvements	$	-
33	*Subtotal Landscape Construction:*	$	-

Waverly Heights
IL Expansion Project
Master Estimate for Project

	Description		Value
34	**Furnishings Fixtures & Equipment**		
35	Furniture & Fixtures	$	335,156
36	Equipment	$	309,053
37	FF&E Other	$	61,031
	Contingency	$	94,760
38	*Subtotal FF&E:*	$	800,000
39	**Sustainable/Green Initiatives**		
40	Sustainability Specific Initiatives	$	50,000
41	Other	$	10,000
42	*Subtotal Sust./Green Initiatives:*	$	60,000
43	**Township Services & Fees**		
44	Township	$	24,412
45	Escrow Analysis Expenses	$	-
46	Subtotal Township Serv. & Fees:	$	24,412
47	**Financing & Banking**		
48	Capitalized Interest	$	1,800,000
49	Financing Fees & Other	$	506,000
50	*Subtotal Financing & Banking:*	$	2,306,000
51	Relocation Cost - 2025 & 2026	$	-
52	Township Escrow	$	-
53	**Total Project Categories:**	$	62,829,267
54	**Total Contingency:**	$	6,170,733
55	**Total Estimated Project Cost:**	$	69,000,000
56			
	% Contingency		**9.8%**



2025 DISCLOSURE STATEMENT

APPENDIX

Consolidated Financial Statements

December 31, 2025 & 2024

bakertilly

Waverly Senior Services and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

December 31, 2025 and 2024

Waverly Senior Services

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December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Trustees of
Waverly Senior Services and Controlled Entities

Opinion

We have audited the consolidated financial statements of Waverly Senior Services and Controlled Entities (the Corporation), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net deficit 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 December 31, 2025 and 2024, and the results of its operations, changes in its net deficit and 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.

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.

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.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 consolidating information, as identified in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net deficit of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 21, 2026

Waverly Senior Services and Controlled Entities

Consolidated Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 6,964,669	$ 9,062,200
Restricted cash	143,319	76,522
Accounts receivable:		
Resident services	2,216,324	2,066,077
Nursing facilities	386,517	472,764
Occupancy rights fees	-	195,000
Prepaid expenses	1,183,289	976,056
Other current assets	124,342	113,804
Total current assets	11,018,460	12,962,423
Investments	75,722,002	66,773,486
Assets Whose Use is Limited		
Bond debt service fund	246,355	244,195
Statutory minimum liquid reserve	3,762,381	3,587,858
Donor-restricted funds	1,825,594	1,942,634
Total assets whose use is limited	5,834,330	5,774,687
Property and Equipment	94,996,247	94,028,767
Other Assets	1,621,932	1,327,954
Total assets	$ 189,192,971	$ 180,867,317
Liabilities and Net Assets (Deficit)		
Accounts payable	$ 546,856	$ 591,835
Construction payable	1,177,900	799,664
Accrued expenses	4,148,029	5,409,286
Accrued interest	146,602	149,735
Current portion of occupancy rights and recoverable fees payable	10,000,000	10,000,000
Refundable deposits	4,089,507	2,010,003
Current portion of long-term debt	1,101,682	1,066,682
Total current liabilities	21,210,576	20,027,205
Long-term debt, less current portion	40,933,134	42,034,816
Deferred occupancy rights fees revenue	12,027,217	13,144,305
Occupancy rights and recoverable fees payable	116,432,324	116,688,190
Other liabilities	107,443	47,738
Total liabilities	190,710,694	191,942,254
Net Assets (Deficit)		
Without donor restrictions	(3,343,317)	(13,017,571)
With donor restrictions	1,825,594	1,942,634
Total net deficit	(1,517,723)	(11,074,937)
Total liabilities and net assets (deficit)	$ 189,192,971	$ 180,867,317

See notes to consolidated financial statements

Waverly Senior Services and Controlled Entities

Consolidated Statements of Operations and Changes in Net Deficit
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenue		
Resident care fees	$ 20,875,696	$ 20,327,457
Medical care fees:		
Skilled nursing facility	4,970,609	4,804,112
Personal care unit	7,395,633	7,172,611
Amortization of deferred revenue	1,719,788	1,794,639
Resident services fees	13,283,117	11,051,461
Investment income	6,182,634	3,853,920
Other	1,222,537	1,774,142
Net assets released from restrictions used for operations	468,822	419,375
Total operating revenue	56,118,836	51,197,717
Operating Expenses		
Salaries	25,228,573	23,055,765
Employee benefits	6,855,253	6,251,111
Dining service	2,269,442	2,156,382
General supplies	1,638,059	1,559,057
Contracted services	2,039,286	1,934,851
Professional fees	575,700	515,129
Maintenance and repairs	992,874	1,020,760
Utilities	1,643,252	1,552,825
Real estate taxes	2,043,237	1,940,060
Insurance	500,112	551,134
Other	423,951	745,173
Depreciation and amortization	7,432,694	6,960,555
Interest	1,667,010	1,703,326
Total operating expenses	53,309,443	49,946,128
Income from operations	$ 2,809,393	$ 1,251,589

See notes to consolidated financial statements

Waverly Senior Services and Controlled Entities

Consolidated Statements of Operations and Changes in Net Deficit
Years Ended December 31, 2025 and 2024

	2025	2024
Changes in Net Deficit Without Donor Restrictions		
Income from operations	$ 2,809,393	$ 1,251,589
Net unrealized gains on investment securities	6,824,861	3,503,500
Excess of revenues, gains, and other support over expenses	9,634,254	4,755,089
Net assets released from restrictions for capital	40,000	-
Change in net deficit without donor restrictions	9,674,254	4,755,089
Changes in Net Assets With Donor Restrictions		
Contributions	391,782	375,224
Net assets released from restriction	(508,822)	(419,375)
Change in net assets with donor restrictions	(117,040)	(44,151)
Change in net deficit	9,557,214	4,710,938
Net Deficit, Beginning	(11,074,937)	(15,785,875)
Net Deficit, Ending	$ (1,517,723)	$ (11,074,937)

See notes to consolidated financial statements

Waverly Senior Services and Controlled Entities

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net deficit	$ 9,557,214	$ 4,710,938
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Amortization of deferred revenue	(1,719,788)	(1,794,639)
Net realized and unrealized gain on investments	(9,066,964)	(4,609,056)
Restricted contributions	(391,782)	(375,224)
Depreciation and amortization	7,432,694	6,960,555
Amortization of deferred financing costs and bond premium	(126,682)	(126,682)
Proceeds from sales and resales of nonrecoverable occupancy rights fees	1,010,200	3,284,500
Changes in assets and liabilities:		
Accounts receivable	(64,000)	(357,136)
Prepaid expenses	(207,233)	(82,837)
Other assets	(385,195)	(282,598)
Accounts payable	(44,979)	(31,032)
Accrued expenses and other liabilities	(1,204,685)	851,351
Net cash provided by operating activities	4,788,800	8,148,140
Cash Flows From Investing Activities		
Purchases of property and equipment	(7,941,259)	(8,375,083)
Sales (purchases) of investments	58,805	(2,664,816)
Net cash used in investing activities	(7,882,454)	(11,039,899)
Cash Flows From Financing Activities		
Repayment of long-term debt	(940,000)	(905,000)
Refunds of occupancy rights fees	(5,569,490)	(9,927,717)
Proceeds from sales and resales of recoverable occupancy rights fees, new units	105,000	-
Proceeds from sales and resales of recoverable occupancy rights fees, existing units	7,075,628	16,440,351
Restricted contributions	391,782	375,224
Net cash provided by financing activities	1,062,920	5,982,858
Net change in cash, cash equivalents and restricted cash	(2,030,734)	3,091,099
Cash, Cash Equivalents and Restricted Cash, Beginning	9,138,722	6,047,623
Cash, Cash Equivalents and Restricted Cash, Ending	$ 7,107,988	$ 9,138,722
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 1,796,825	$ 1,833,025
Noncash Investing Activities		
Obligations incurred for the acquisition of property and equipment	$ 1,177,900	$ 799,664
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 6,964,669	$ 9,062,200
Restricted cash	143,319	76,522
Total cash, cash equivalents and restricted cash	$ 7,107,988	$ 9,138,722

See notes to consolidated financial statements

1. Organization, Principles of Consolidation and Summary of Significant Accounting Policies

Organization

Waverly Senior Services (WSS) provides management, administrative, financial management, strategic planning and other related duties to its supported organizations including Waverly Heights (WH), Waverly Care (WC) and Waverly Care Management dba: Waverly Connect (WCM). Through management and administrative support services agreements, WSS relieves the supported organizations from performing these functions independently.

WSS is the sole member of the following entities:

WH, a Pennsylvania nonprofit corporation, operates a continuing care retirement (life plan) community for seniors in Lower Merion Township, consisting of 218 residential units, together with a commons facility and a 99 unit health care center providing personal care and skilled nursing services.

WC, a Pennsylvania nonprofit corporation, provides private duty home care services to WH residents and nonresident clients.

WCM, a single-member LLC of WH, provides care management services to residents and nonresident clients. Effective January 1, 2025, WCM was purchased by and became a member of WC.

Principles of Consolidation

The consolidated financial statements include the accounts of WSS, WH, and WC (collectively, the Corporation). All significant intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make a number of estimates and assumptions relating to 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 period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in bank accounts and other liquid investments with original maturities of less than three months at the date of purchase. The carrying amounts approximate fair value.

Restricted Cash

Restricted cash includes amounts held under the provisions of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (PA Act 82). WH maintains a state approved escrow account and deposits the 10% deposit paid by a new resident who has signed a residence and care agreement to occupy an existing vacant unit or newly constructed unit. The deposits are released when the existing living unit becomes available for occupancy by the new resident.

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses to represent the Corporation's estimate of expected losses at 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 and a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. Payment for services is required within 30 days of receipt of invoice or claim submitted. Contract residents are not required to provide collateral for services rendered, although the refundable portion of the Occupancy Rights Fee paid by the resident may be used for payment of any delinquent balance. Private pay residents are required to pay a one month advance deposit. Accounts more than 90 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance for credit losses.

Management believes the composition of receivables at year end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2025 and 2024, the allowance for credit losses was $50,000.

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. The fair value of substantially all securities is determined by quoted market prices. Investment return or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in excess of revenues, gains and other support over 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 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 include bond debt service fund, assets designated to meet the statutory minimum liquid reserve requirements of Section 9 of the PA Act 82 and donor restricted funds.

Property and Equipment

Property and equipment is stated at cost and the Corporation capitalizes all expenditures for property and equipment having an estimated useful life of three or more years and costing $1,000 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Recovery periods are based on the following ranges of useful lives:

	Years
Land improvement	5-20
Buildings	30-50
Building improvements	5-25
Building equipment	5-20
Furniture and fixtures	3-20
Vehicles	4-10

Property and equipment will be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were recognized in 2025 and 2024.

Refundable Deposits

The initial deposits by a prospective resident are fully recoverable and can later be credited toward the occupancy rights fee. A one-month advance deposit is also made by private pay residents in the health care center.

Occupancy Rights Fees (Entrance Fees)

Prior to 2010, WH offered a "Traditional Life Care" contract, commonly referred to among Continuing Care Retirement Communities (CCRC) as a Type A or Full Life Care Contract, with an option of selecting 100% or 50% recovery of Occupancy Rights Fee. In February 2010, WH began offering a new contract type, a Type C or Fee-for-Service Contract, with an option of selecting 100% or 50% recovery of Occupancy Rights Fee. At December 31, 2025, approximately 5% of WH residents held agreements under the Type C or Fee-for-Service Contract.

The 100% recovery option is fully refundable upon contract termination and resale of the occupancy rights, limited to the proceeds of the re-occupancy. Under the 50% recovery option, 50% of the occupancy rights fee is guaranteed refundable after contract termination and resale of the occupancy rights, limited to the proceeds of the re-occupancy. However, for this recovery option, the remaining 50% of the occupancy rights fee is initially recoverable upon receipt but becomes nonrecoverable at the rate of 2% per month until becoming fully nonrecoverable after 25 months. At December 31, 2025, approximately 66% of WH residents held agreements selected under the 100% recoverable option and 34% of WH residents held agreements selected under the 50% recoverable option.

The nonrecoverable portion of the occupancy rights fee is amortized into revenue over the actuarially determined life expectancy of each resident or couple, and the remaining unamortized balance is adjusted annually. Upon the death of a sole-surviving resident, any remaining unamortized portion of the nonrecoverable portion of the occupancy rights fee is recognized as operating revenue. At December 31, 2025 and 2024, the amounts contractually refundable included in deferred occupancy rights fees revenue amounted to approximately $938,000 and $2,188,000, respectively.

Occupancy rights fees of residents who are permanently transferred to the nursing facility are reported as current occupancy rights and recoverable fees payable upon resale of their unit.

Obligation to Provide Future Services

WH engages an actuary to calculate the present value of the cost of future services to be provided to current residents in excess of related anticipated revenue and compares that amount with the balance of deferred occupancy rights fee revenue discounted at 5.0%. Any excess present value would be recognized as a liability with a corresponding charge to income. No liability was required to be recorded as of December 31, 2025 and 2024.

Deferred Financing Costs and Bond Premiums

Deferred financing costs and bond premiums comprise commitment fees incurred to obtain long-term financing (Note 7). These costs are amortized using the straight-line method, which approximates the effective interest method, over the term of the related debt. Amortization expense, which is included as a component of interest expense, was $126,682 for the years ended December 31, 2025 and 2024.

Net Assets

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

Net Assets Without Donor Restrictions - Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

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

Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, donor-restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net deficit as net assets released from restrictions.

Resident Service Revenue

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

Performance obligations are determined based on the nature of the services provided by the Corporation. If revenue for performance obligations satisfied over time require the allocation of revenue over reporting periods, it is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residential residents receiving services in the facility. The Corporation considers daily services provided to residents of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrecoverable occupancy rights fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrecoverable occupancy rights fees is recognized ratably in future periods based on a resident's life expectancy using a time-based measurement similar to the output method.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, gift shop and meals) and the Corporation does not believe it is required to provide additional goods or services related to that sale.

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

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare

Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. The determination of these rates is partially based on the Corporation's clinical assessment of its residents. The Corporation is required to clinically assess its residents at predetermined time periods throughout the year which are subject to review and adjustment by the Medicare Program. The Corporation is reimbursed for certain therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

Other

Payment agreements with certain commercial insurance carriers are based on prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care.

These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2025 and 2024.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident services revenue for the relevant period.

The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service line, method of reimbursement and timing of when revenue is recognized. All resident services revenue for WH is realized at the single campus located in Lower Merion, Pennsylvania. The method of reimbursement is prospective payments and the timing of revenue recognition is health care services transferred over time.

Measure of Operations

The Corporation's income from operations includes only those operating revenues and expenses that are an integral part of the Corporation's program activities and net assets released from donor restrictions to support operating expenditures. Nonoperating activities are limited to net unrealized gains on investment securities and net assets released from restrictions for capital.

Performance Indicator

The consolidated statements of operations and changes in net deficit include the determination of excess of revenues, gains and other support over expenses. Consistent with industry practice, 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), are excluded from excess of revenues, gains and other support over expenses.

Income Taxes

WSS, WH and WC are exempt from federal income taxes under Section 501 of the Internal Revenue Code (IRC) and are also exempt from state and local income taxes under similar statutes. WCM is a disregarded entity for federal, state and local income taxes.

Benevolent Care

WH maintains a policy to provide care at amounts less than its established rates to residents unable to pay for such services. In addition, certain residential fees are supplemented at the discretion of management and the board of trustees. The level of benevolent care provided by the Corporation, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately $178,000 in 2025 and $167,000 in 2024.

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 December 31, 2025 and 2024 as deferred occupancy rights fees revenue. Deferred occupancy rights fees revenue as of January 1, 2024 was $11,654,444. The Corporation had no contract assets as of December 31, 2025 and 2024 and January 1, 2024.

Reclassifications

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

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through April 21, 2026, the date the consolidated financial statements were available to be issued.

2. Liquidity

The Corporation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing financial resources to meet expenses over a 12-month period, the Corporation considers all expenses related to its ongoing mission-related activities as well as the conduct of services undertaken to support these activities.

Financial assets available for general expenditure within one year of the consolidated balance sheets date, consist of the following:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 6,964,669	$ 9,062,200
Accounts receivable	2,602,841	2,733,841
Investments	75,722,002	66,773,486
Assets whose use is limited, bond debt service fund	246,355	244,195
Financial assets available to meet general expenditures within one year	$ 85,535,867	$ 78,813,722

The Corporation has assets whose use is limited to meet the requirements of PA Act 82 and thus are not included in the qualitative information above. Although the Corporation does not intend to utilize the PA Act 82 reserves for general expenditures as part of its annual budget and approval process, amounts designated as PA Act 82 reserves could be made available as necessary. The PA Act 82 reserves are separately classified in the consolidated balance sheets and do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. These funds may be drawn upon, if necessary, to meet liquidity needs.

3. Resident Services Revenue

The Corporation disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Skilled nursing facility service charges consist of the following payors for the years ended December 31:

	2025	2024
Private pay	$ 3,847,730	$ 3,895,596
Medicare and other	1,122,879	908,516
Total	$ 4,970,609	$ 4,804,112

Resident care fees, resident services fees and medical care fees from the personal care units are primarily comprised of private payors.

4. Fair Value Measurements Investments and Assets Whose Use is Limited

The composition of investments and assets whose use is limited is set forth below:

	2025	2024
Investments and assets whose use is limited:		
Equity mutual funds	$ 58,601,975	$ 53,234,501
Bond mutual funds	22,492,865	18,895,888
Cash and cash equivalents	253,349	245,455
Other	208,143	172,329
Total investments and assets whose use is limited	$ 81,556,332	$ 72,548,173
Investment accounts:		
Unrestricted reserve fund	$ 74,980,731	$ 66,107,215
Resident's assistance reserve fund	741,271	666,271
Total investment accounts	$ 75,722,002	$ 66,773,486

Investment income and gains and losses on investments are comprised of the following:

	2025	2024
Investment income:		
Interest and dividend income	$ 4,091,293	$ 2,901,435
Realized gains	2,242,103	1,105,556
Investment fees	(150,762)	(153,071)
Net investment income	$ 6,182,634	$ 3,853,920
Net unrealized gains on investment securities	$ 6,824,861	$ 3,503,500

Investment fees represent direct expenses involved in generating investment income.

The Corporation measures its investments and assets whose use is limited at fair value on a recurring basis in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. A valuation framework has been outlined that creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures.

The fair value hierarchy is broken down into three levels based on the source of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuations based on observable inputs and quoted prices in active markets for similar assets and liabilities.

Level 3 - Valuations based on inputs that are unobservable and models that are significant to the overall fair value measurement.

The following fair value hierarchy table presents information about each major category of those assets for the years ended December 31:

	2025			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents**	$ 253,349	$ -	$ -	$ -
Equity mutual funds	58,601,975	58,601,975	-	-
Bond mutual funds	22,492,865	22,492,865	-	-
Other	208,143	-	-	208,143
Total investments and assets whose use is limited	$ 81,556,332	$ 81,094,840	$ -	$ 208,143

	2024			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents**	$ 245,455	$ -	$ -	$ -
Equity mutual funds	53,234,501	53,234,501	-	-
Bond mutual funds	18,895,888	18,895,888	-	-
Other	172,329	-	-	172,329
Total investments and assets whose use is limited	$ 72,548,173	$ 72,130,389	$ -	$ 172,329

** Cash and cash equivalents are presented in the above tables to reconcile the investments and assets whose use is limited to the consolidated balance sheets.

5. Statutory Minimum Liquid Reserve

Under the provisions of PA Act 82, WH must maintain a statutory minimum liquid reserve as of December 31, 2025 and 2024 that is equal to the greater of 10% of the total projected operating expenses for the next 12 months, exclusive of depreciation and amortization, or the total of all debt service requirements (principal and interest) due during the upcoming 12 months.

WH is restricted from allowing its total cash reserves from falling to a level below the calculated minimum liquid reserve level without first notifying the Pennsylvania Department of Insurance Commissioner. The statutory minimum liquid reserve requirement as of December 31, 2025 and 2024 is $3,762,381 and $3,587,858, respectively. Management believes that WH is in compliance with all other requirements of the PA Act 82 as of December 31, 2025 and 2024. The following calculation was utilized to determine the statutory minimum liquid reserve requirement:

	2025	2024
Total debt service (a)	$ 2,734,225	$ 2,736,825
Total budgeted expense	$ 45,123,808	$ 42,728,578
Less budgeted depreciation expense	(7,500,000)	(6,850,000)
Total budgeted expense, net of depreciation	37,623,808	35,878,578
	10%	10%
10% of total budgeted expense, net of depreciation (b)	$ 3,762,381	$ 3,587,858
Required statutory minimum liquid reserve greater of (a) or (b)	$ 3,762,381	$ 3,587,858

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2025	2024
Land	$ 11,505,208	$ 11,505,208
Land improvements	8,337,835	8,292,729
Buildings and building improvements	118,803,979	114,547,215
Building equipment	26,715,575	25,691,448
Furniture and fixtures	6,282,480	5,955,785
Vehicles	1,088,640	989,084
Construction in progress	3,954,480	1,423,774
Total	176,688,197	168,405,243
Less accumulated depreciation	(81,691,950)	(74,376,476)
Property and equipment, net	$ 94,996,247	$ 94,028,767

Depreciation expense was $7,352,015 and $6,879,876 for the years ended December 31, 2025 and 2024, respectively.

7. Long-Term Debt

Long-term debt consisted of the following:

	2025	2024
Montgomery County Industrial Development Authority Revenue Bonds, Series 2019	$ 39,005,000	$ 39,945,000
Total long-term debt	39,005,000	39,945,000
Add bond premium	3,701,759	3,856,536
Less deferred financing costs	(671,943)	(700,038)
Total long-term debt, less deferred financing costs and bond premium	42,034,816	43,101,498
Less current portion	(1,101,682)	(1,066,682)
Total long-term debt, less current portion	$ 40,933,134	$ 42,034,816

On June 6, 2019, Montgomery County Industrial Development Authority, on behalf of WH, issued $44,140,000 in 30-year fixed rate bonds (the 2019 Bonds) with net original issue bond premium of $4,720,710. The proceeds were used to pay off the remaining balances of the 2006, 2013, 2015 and 2016 bonds including termination fees for interest rate swaps and deferred financing costs. The 2019 Bonds mature on December 1, 2049 and require annual principal payments ranging from $975,000 to $2,605,000 each year, with monthly principal and interest payments at a fixed rate ranging from 3.25% to 5.0%.

As security for the 2019 Bonds, WH has granted to the Trustee (M&T/Wilmington Trust) a mortgage lien on the land and security interest in personal property, equipment, fixtures and gross receipts.

WH must comply with certain covenants in accordance with the Bonds, including a requirement that WH generate funds available for debt service (as defined) equivalent to at least 120% of maximum annual debt service. In addition, WH must maintain a minimum of 120 day's cash on hand (as defined).

Scheduled principal payments on the Series 2019 Bonds are as follows:

Years ending December 31:	
2026	$ 975,000
2027	1,020,000
2028	1,055,000
2029	1,100,000
2030	1,145,000
Thereafter	33,710,000
Total	$ 39,005,000

8. Retirement Plan

WSS has a discretionary profit sharing plan (the Plan) covering eligible employees. Employees are eligible to participate in the Plan upon reaching age 21, completing one year of service and working at least 1,000 hours. WSS and WH contributions to the Plan can range from 0% to 15% of compensation of eligible participants determined at the discretion of the board of trustees. The current cliff vesting schedule provides 100% vesting after three years of service. The Plan expense for WSS and WH was approximately $1,220,000 and $1,264,000 in 2025 and 2024, respectively.

WC employees are able to contribute to the Plan through voluntary payroll deductions. WC matches contributions to 75% of the voluntary deductions up to 3% of eligible salary maximum. The Plan expense for WC was approximately $80,000 and $75,000 in 2025 and 2024, respectively.

9. Functional Expenses

The Corporation operates a continuing care retirement community for the elderly, together with a commons facility, a health center, a private duty home care company, and a care management company. Expenses related to providing these services are as follows for the years ending December 31:

	2025		
	Program Services	General and Administrative	Total
Salaries	$ 20,417,545	$ 4,811,028	$ 25,228,573
Employee benefits	4,731,905	2,123,348	6,855,253
Dining services	2,269,442	-	2,269,442
General supplies	1,509,074	128,985	1,638,059
Contracted services	1,765,334	273,952	2,039,286
Professional fees	-	575,700	575,700
Maintenance and repairs	992,874	-	992,874
Utilities	1,626,820	16,432	1,643,252
Real estate taxes	2,022,804	20,433	2,043,237
Insurance	209,449	290,663	500,112
Other	377,455	46,496	423,951
Depreciation and amortization	7,359,184	73,510	7,432,694
Interest expense	1,650,340	16,670	1,667,010
Total functional expenses	$ 44,932,226	$ 8,377,217	$ 53,309,443

	2024		
	Program Services	General and Administrative	Total
Salaries	$ 18,613,687	$ 4,442,078	$ 23,055,765
Employee benefits	4,321,373	1,929,738	6,251,111
Dining services	2,156,382	-	2,156,382
General supplies	1,461,795	97,262	1,559,057
Contracted services	1,633,684	301,167	1,934,851
Professional fees	-	515,129	515,129
Maintenance and repairs	1,020,760	-	1,020,760
Utilities	1,537,297	15,528	1,552,825
Real estate taxes	1,920,659	19,401	1,940,060
Insurance	236,826	314,308	551,134
Other	344,731	400,442	745,173
Depreciation and amortization	6,891,769	68,786	6,960,555
Interest expense	1,686,293	17,033	1,703,326
Total functional expenses	$ 41,825,256	$ 8,120,872	$ 49,946,128

All costs are directly attributable to their respective functions. Management services expenses are attributable to expenses related to the administrative functions such as Administration, Accounting, IT and Marketing. Fundraising is performed by various employees with no direct fixed cost incurred for this function.

10. Workers' Compensation Insurance

The Corporation participates in a group captive arrangement (the Program) administered through an insurance company. The Corporation pays quarterly premium payments to the Program and claims are covered on a claims-made basis for policy years ending on February 28. 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.

As required under the Program, WSS must deposit specified amounts with the Program at the beginning of each policy year as security collateral for any retrospective premium adjustments. WSS has deposits with the Program totaling approximately $350,000 and $292,000 at December 31, 2025 and 2024, respectively, which are included in other assets in the consolidated balance sheets. There is limited exposure for retrospective premium adjustments.

Under the terms of the Program, annual premiums paid by WSS are recorded in separate equity accounts designated for WH and separate from other participants in the Program. This account is reduced by claims paid on behalf of WSS, estimates of incurred but not reported claims estimated by the claims manager of the Program, allocation of excess losses among participants in the Program, and certain fixed costs related to participation in the Program. WSS is entitled to receive back any remaining equity as a shareholder distribution approximately five years after the end of each policy year. WSS has recorded its anticipated future equity repayments of approximately $361,000 and $193,000 at December 31, 2025 and 2024, respectively, which is included in other assets in the consolidated balance sheets. These estimates are subject to future changes based upon actual experience of the Program.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are detailed as follows:

	2025	2024
Net assets with donor restrictions:		
Resident's assistance fund	$ 533,674	$ 656,712
Employee assistance and appreciation	469,301	505,383
Scholarships	418,615	416,399
Campus improvement	333,904	294,040
Held in perpetuity	70,100	70,100
Total	$ 1,825,594	$ 1,942,634

12. 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.

13. Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents and private pay residents of its health care center, some of whom are insured under third-party payor arrangements, primarily with Medicare and various commercial insurance companies.

The Corporation maintains certain 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 any significant credit risk on its cash accounts.

Waverly Senior Services and Controlled Entities

Consolidating Balance Sheet Schedule
December 31, 2025

	Waverly Senior Services	Waverly Heights	Waverly Care	Eliminations	Total
Assets					
Cash and cash equivalents	$ 182,036	$ 6,717,334	$ 65,299	$ -	$ 6,964,669
Restricted cash	-	143,319	-	-	143,319
Accounts receivable:					
Resident services	-	608,559	1,607,765	-	2,216,324
Nursing facilities	-	386,517	-	-	386,517
Occupancy rights fees	-	-	-	-	-
Prepaid expenses	-	1,183,289	-	-	1,183,289
Intercompany receivable	873,035	1,581,548	444,886	(2,899,469)	-
Other current assets	-	124,342	-	-	124,342
Total current assets	1,055,071	10,744,908	2,117,950	(2,899,469)	11,018,460
Investments	-	75,722,002	-	-	75,722,002
Assets Whose Use is Limited					
Bond debt service fund	-	246,355	-	-	246,355
Statutory minimum liquid reserve	-	3,762,381	-	-	3,762,381
Foundation fund, donor-restricted	-	1,825,594	-	-	1,825,594
Total assets whose use is limited	-	5,834,330	-	-	5,834,330
Net Investment in Subsidiary	1,369,116	-	-	(1,369,116)	-
Property and Equipment	-	94,989,972	6,275	-	94,996,247
Other Assets	-	1,184,787	437,145	-	1,621,932
Total assets	$ 2,424,187	$ 188,475,999	$ 2,561,370	$ (4,268,585)	$ 189,192,971

Waverly Senior Services and Controlled Entities

Consolidating Balance Sheet Schedule
December 31, 2025

	Waverly Senior Services	Waverly Heights	Waverly Care	Eliminations	Total
Liabilities and Net Assets (Deficit)					
Accounts payable	$ -	$ 546,856	$ -	$ -	$ 546,856
Construction payable	-	1,177,900	-	-	1,177,900
Accrued expenses	507,413	3,331,786	308,830	-	4,148,029
Intercompany payable	1,578,299	444,886	876,284	(2,899,469)	-
Accrued interest	-	146,602	-	-	146,602
Current portion of occupancy rights and recoverable fees payable	-	10,000,000	-	-	10,000,000
Refundable deposits	-	4,082,367	7,140	-	4,089,507
Current portion of long-term debt	-	1,101,682	-	-	1,101,682
Total current liabilities	2,085,712	20,832,079	1,192,254	(2,899,469)	21,210,576
Long-term debt, less current portion	-	40,933,134	-	-	40,933,134
Deferred occupancy rights fees revenue	-	12,027,217	-	-	12,027,217
Occupancy rights and recoverable fees payable	-	116,432,324	-	-	116,432,324
Other liabilities	-	107,443	-	-	107,443
Net investment in subsidiary	1,856,198	-	-	(1,856,198)	-
Total liabilities	3,941,910	190,332,197	1,192,254	(4,755,667)	190,710,694
Net Assets (Deficit)					
Without donor restrictions	(3,343,317)	(3,681,792)	1,369,116	2,312,676	(3,343,317)
With donor restrictions	1,825,594	1,825,594	-	(1,825,594)	1,825,594
Total net assets (deficit)	(1,517,723)	(1,856,198)	1,369,116	487,082	(1,517,723)
Total liabilities and net assets (deficit)	$ 2,424,187	$ 188,475,999	$ 2,561,370	$ (4,268,585)	$ 189,192,971

Waverly Senior Services and Controlled Entities

Consolidating Statement of Operations and Changes in Net Assets (Deficit) Schedule
Year Ended December 31, 2025

	Waverly Senior Services	Waverly Heights	Waverly Care	Eliminations	Total
Operating Revenue					
Resident care fees	$ -	$ 20,875,696	$ -	$ -	$ 20,875,696
Medical care fees:					
Skilled nursing facility	-	4,970,609	-	-	4,970,609
Personal care unit	-	7,395,633	-	-	7,395,633
Amortization of deferred revenue	-	1,719,788	-	-	1,719,788
Resident services fees	-	-	13,283,117	-	13,283,117
Investment income	-	6,189,441	46	(6,853)	6,182,634
Other	3,340,783	1,349,158	-	(3,467,404)	1,222,537
Net assets released from restriction to provide resident services	-	468,822	-	-	468,822
Total operating revenue	3,340,783	42,969,147	13,283,163	(3,474,257)	56,118,836
Operating Expenses					
Salaries	2,550,859	14,359,964	8,317,750	-	25,228,573
Employee benefits	569,291	4,961,222	1,324,740	-	6,855,253
Dining service	-	2,269,442	-	-	2,269,442
General supplies	1,988	1,635,970	101	-	1,638,059
Contracted services	10,130	1,986,664	42,492	-	2,039,286
Professional fees	25,633	522,218	27,849	-	575,700
Maintenance and repairs	-	992,874	-	-	992,874
Utilities	-	1,643,252	-	-	1,643,252
Real estate taxes	-	2,043,237	-	-	2,043,237
Insurance	-	418,897	81,215	-	500,112
Management fees	-	2,070,468	1,396,936	(3,467,404)	-
Other	42,099	242,046	139,806	-	423,951
Depreciation and amortization	-	7,350,977	81,717	-	7,432,694
Interest	-	1,667,010	6,853	(6,853)	1,667,010
Total operating expenses	3,200,000	42,164,241	11,419,459	(3,474,257)	53,309,443
Income from operations	$ 140,783	$ 804,906	$ 1,863,704	$ -	$ 2,809,393

Waverly Senior Services and Controlled Entities

Consolidating Statement of Operations and Changes in Net Assets (Deficit) Schedule
Year Ended December 31, 2025

	Waverly Senior Services	Waverly Heights	Waverly Care	Eliminations	Total
Changes in Net Assets (Deficit) Without Donor Restrictions					
Income from operations	$ 140,783	$ 804,906	$ 1,863,704	$ -	$ 2,809,393
Net unrealized gains on investment securities	-	6,824,861	-	-	6,824,861
Change in interest in net assets without donor restriction of subsidiary	9,864,436	-	-	(9,864,436)	-
Excess of revenues, gains, and other support over expenses	10,005,219	7,629,767	1,863,704	(9,864,436)	9,634,254
Net assets released from restrictions for capital	-	40,000	-	-	40,000
Equity transfers and distributions	(330,965)	1,863,706	(1,532,741)	-	-
Change in net assets (deficit) without donor restrictions	9,674,254	9,533,473	330,963	(9,864,436)	9,674,254
Changes in Net Assets With Donor Restrictions					
Contributions	391,782	391,782	-	(391,782)	391,782
Net assets released from restriction	(508,822)	(508,822)	-	508,822	(508,822)
Change in net assets with donor restrictions	(117,040)	(117,040)	-	117,040	(117,040)
Change in net assets (deficit)	9,557,214	9,416,433	330,963	(9,747,396)	9,557,214
Net Assets (Deficit), Beginning	(11,074,937)	(11,272,631)	1,038,153	10,234,478	(11,074,937)
Net Assets (Deficit), Ending	$ (1,517,723)	$ (1,856,198)	$ 1,369,116	$ 487,082	$ (1,517,723)