ECUMEN AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

ECUMEN AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ecumen and Subsidiaries
Shoreview, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Ecumen and Subsidiaries (the Organization), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Ecumen and Subsidiaries' 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 Ecumen and Subsidiaries' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 10, 2025

ECUMEN AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 10,824,282	$ 11,045,140
Investments	7,636,427	7,227,982
Current Portion of Assets Limited as to Use	7,645,171	6,685,440
Accounts Receivable	19,868,160	16,895,407
Allowance for Expected Credit Losses	(1,536,242)	(1,006,338)
Other Current Assets	1,329,632	1,301,663
Total Current Assets	45,767,430	42,149,294
ASSETS LIMITED AS TO USE	20,733,406	21,903,447
Less: Current Portion of Assets Limited as to Use	(7,645,171)	(6,685,440)
Noncurrent Assets Limited as to Use	13,088,235	15,218,007
RIGHT OF USE ASSET	8,411,263	823,775
PROPERTY AND EQUIPMENT, NET	279,943,134	312,575,054
GOODWILL, NET	1,471,727	1,646,591
OTHER ASSETS		
Operating Lease Assets	103,735	300,821
Investments	24,218,206	22,055,693
Investment in Perpetual Trusts	3,056,154	2,834,093
Total Other Assets	27,378,095	25,190,607
Total Assets	$ 376,059,884	$ 397,603,328
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 11,033,213	$ 10,374,825
Current Maturities Finance Lease Liabilities	577,352	242,127
Current Portion of Operating Lease Liabilities	25,721	62,553
Accrued Interest	1,966,634	1,856,468
Other Current Liabilities	26,561,380	28,185,706
Total Current Liabilities	40,164,300	40,721,679
OTHER LIABILITIES		
Long-Term Debt, Less Current Maturities	277,541,628	287,625,353
Long-Term Finance Lease, Less Current Maturities	8,164,087	614,374
Long-Term Portion of Operating Lease Liability	78,883	240,148
Other Liabilities	10,486,545	22,815,553
Total Other Liabilities	296,271,143	311,295,428
NET ASSETS		
Net Assets Without Donor Restrictions	29,230,877	40,898,125
Net Assets With Donor Restrictions	10,393,564	4,688,096
Total Net Assets	39,624,441	45,586,221
Total Liabilities and Net Assets	$ 376,059,884	$ 397,603,328

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024		2023	
	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUE				
Resident Service Revenue	$ 199,630,765	94.2 %	$ 152,979,603	93.7 %
Other Operating Revenue	12,338,743	5.8	10,217,395	6.3
Total Revenue	211,969,508	100.0	163,196,998	100.0
OPERATING EXPENSE				
Other Operating Expenses	191,843,293	90.5	151,998,762	93.1
Depreciation	16,462,973	7.8	13,875,452	8.5
Interest and Amortization	13,560,554	6.4	10,984,929	6.7
Total Operating Expense	221,866,820	104.7	176,859,143	108.4
OPERATING LOSS	(9,897,312)	(4.7)	(13,662,145)	(8.4)
OTHER INCOME AND EXPENSE				
Net Fundraising Income (Expense)	(910,701)		(363,094)	
Investment Income	3,059,329		3,870,349	
Other Expense	(3,719,060)		(525,562)	
Gain (Loss) on Disposal and Acquisition of Property	(269,233)		224,679	
Total Other Income and Expense	(1,839,665)		3,206,372	
DEFICIT OF REVENUE OVER EXPENSE	(11,736,977)		(10,455,773)	
Net Assets Released from Restrictions - Purchase of Property and Equipment	37,000		-	
In-Kind Contribution	-		43,914,164	
Equity Contribution	32,729		2,593,203	
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (11,667,248)		$ 36,051,594	

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Net Assets - December 31, 2022	$ 4,846,531	$ 4,502,004	$ 9,348,535
Deficit of Revenue over Expense	(10,455,773)	-	(10,455,773)
In-Kind Contribution	43,914,164	-	43,914,164
Equity Contribution	2,593,203	-	2,593,203
Gifts and Grants	-	51,813	51,813
Change in Investments in Perpetual Trusts	-	310,750	310,750
Net Assets Released from Restrictions - Operations	-	(176,471)	(176,471)
CHANGE IN NET ASSETS	36,051,594	186,092	36,237,686
Net Assets - December 31, 2023	40,898,125	4,688,096	45,586,221
Deficit of Revenue over Expense	(11,736,977)	-	(11,736,977)
Equity Contributions	32,729	1,934,000	1,966,729
Gifts and Grants	-	3,976,378	3,976,378
Change in Investments in Perpetual Trusts	-	222,061	222,061
Net Assets Released from Restrictions - Operations	-	(389,971)	(389,971)
Net Assets Released from Restrictions - Purchase of Property and Equipment	37,000	(37,000)	-
CHANGE IN NET ASSETS	(11,667,248)	5,705,468	(5,961,780)
Net Assets - December 31, 2024	$ 29,230,877	$ 10,393,564	$ 39,624,441

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	$ (5,961,780)	$ 36,237,686
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,462,973	13,875,452
Amortization	1,133,802	803,127
Environmental Expense	15,843	15,068
Loss (Gain) on Disposal and Acquisition of Property	269,233	(224,679)
In-Kind Contribution	-	(43,914,164)
Actuarial Adjustment for Gift Annuities	31,792	31,794
Provision for Bad Debts	529,904	317,823
Net Unrealized (Gain) Loss on Investments	2,288,157	(1,574,147)
Contributions and Investment Income Received Restricted for Long-Term Investment	(3,976,378)	(51,813)
Change in Current Assets and Liabilities:		
Accounts and Notes Receivable	(3,049,526)	563,100
Other Current Assets	8,491,475	13,144,647
Other Current Liabilities	2,255,676	(1,518,958)
Net Cash Provided by Operating Activities	18,491,171	17,704,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(10,177,696)	(3,036,142)
Purchase of Investments, including interest reinvested	(4,904,917)	(4,193,431)
Proceeds from Sale of Investments	405,785	9,340,789
Goodwill Acquired	-	(1,748,595)
Decrease in Assets Under Bond and Mortgage Agreements	-	125,571
Net Cash Provided (Used) by Investing Activities	(14,676,828)	488,192
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	1,300,000	-
Principal Payments of Long-Term Debt	(8,849,188)	(9,993,552)
Finance Lease Payments	(116,441)	(517,856)
Payment of Financing Costs	(1,066,684)	(44,269)
Payments to Annuitants	(41,300)	(43,540)
Contributions and Investment Income Received Restricted for Long-Term Investment	3,976,378	51,813
Net Cash Used by Financing Activities	(4,797,235)	(10,547,404)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(982,892)	7,645,724
Cash and Cash Equivalents - Beginning of Year	38,910,807	31,265,083
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 37,927,915	$ 38,910,807

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH PER THE CONSOLIDATED BALANCE SHEETS		
Cash and Cash Equivalents	$ 10,824,282	$ 11,045,140
Assets Limited as to Use - Invested in Cash and Cash Equivalents	19,467,206	20,637,685
Investments - Invested in Cash and Cash Equivalents	7,636,427	7,227,982
Total Cash, Cash Equivalents, and Restricted Cash	$ 37,927,915	$ 38,910,807
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	$ 9,252,538	$ 9,281,610
SUPPLEMENTARY SCHEDULE OF NONCASH ACTIVITY		
Zvago Long Lake Deconsolidation		
Property and Equipment Transferred	$ 30,123,726	$ -
Mortgage Payable Transferred	(17,086,000)	-
Unit Deposit Liability Transferred	(15,356,646)	-
Financing Costs Disposed	620,870	-
Other Curent Assets Transferred	45,985	-
Net Gain on Deconsolidation	$ (1,652,065)	$ -
SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	$ 25,429,006	$ -
Debt Repayment	(19,715,708)	-
Funds Used (Deposited into) Assets Held Under Bond Indenture Agreement, Net	(4,959,806)	-
Payment of Financing and Related Costs	(753,492)	-
Net Proceeds from Issuance of Long-Term Debt	$ -	$ -
HUD Properties Acquired	$ (3,298,418)	$ -
Debt Assumed	5,465,983	-
Net Working Capital	(689,978)	-
Loss on Acquisition	(1,477,587)	-
	$ -	$ -
Construction in Progress Included in Accounts Payable	$ 2,314,342	$ 2,769,220

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Ecumen is a Minnesota nonprofit provider and operator of living spaces and services for older adults. Housing options include independent living, assisted living, memory care, short-term rehabilitation, and skilled nursing communities. In-home and community-based services include home care, hospice, physical and occupational therapy, adult day services, and an online durable goods medical store. Ecumen currently operates primarily in Minnesota but also has operations in surrounding states.

Ecumen operates through several wholly owned nonprofit subsidiaries and Limited Liability Companies (LLCs) and is the sole owner of Ecumen Services, Inc., a for-profit subsidiary that provides management, development, and consulting services to unrelated owners and sponsors of senior housing, skilled nursing, and other senior service organizations. Ecumen is also the sole member of the Ecumen Foundation.

As of December 31, 2024, Ecumen and its affiliates owned 49 total sites including 16 affordable housing communities, 6 Skilled Nursing Homes and 27 Market Rate Housing sites. In addition, Ecumen operates 5 hospice branches and 3 Home Care branches.

Ecumen’s Members Assembly is elected by six Minnesota synods of the Evangelical Lutheran Church in America (ELCA). Ecumen's Board of Trustees are elected by the Members Assembly.

Ecumen Foundation

Ecumen Foundation, and its two subsidiary foundations (the Foundation), are Minnesota nonprofit corporations organized to serve the needs of Ecumen for charitable fund investment, management, and administration. Ecumen has designated the Foundation as the entity to receive, invest, manage, and administer charitable gifts given to any Ecumen organization.

Principles of Consolidation

The accompanying consolidated financial statements include all the accounts of Ecumen and each of its respective wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in the consolidated financial statements. The consolidated organizations are commonly referred to as the Organization in the consolidated financial statements and comprise the business.

Income Taxes

With the exception of Ecumen Services, Inc., a wholly owned subsidiary of Ecumen, the Organization has been granted exempt status relative to federal and Minnesota corporate income taxes under Section 501(c)(3) of the federal Internal Revenue Code and applicable state codes.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Income or loss from activities considered unrelated to Ecumen's tax-exempt purpose is recorded in the accounts of Ecumen Services, Inc. Income taxes for Ecumen Services, Inc. are recorded at the prevailing statutory rates and are included in operating expense. There were no income taxes payable at December 31, 2024, or December 31, 2023.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

Use of Estimates

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

Basis of Presentation

The Organization reports information regarding its financial position and operations according to two classes of net assets depending on the existence or nature of any donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Those resources the Organization has discretionary control over.

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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions in the statement of changes in net assets without donor restrictions. At December 31, 2024, and 2023, there were $10.4 and $4.7 million of net assets with donor restrictions, respectively.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The 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 satisfied, net assets are released and reported as an increase in net assets without donor restrictions. Income earned restricted support, including realized capital appreciation, is recognized in the period earned. Donor-restricted contributions whose restrictions are met within the same reporting period as received are recorded as contributions.

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing rent, room charges, and ancillary services to residents of the licensed nursing facilities, senior housing apartments, and related 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 the settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed, and housing rental charges are due at the beginning of each month. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in our facilities receiving skilled nursing services or residents receiving services in our facilities or their homes (home care). The Organization measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals), and the Organization does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

The Organization 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 Organization's policies, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, policies, and historical experience. The Organization 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:

Medicaid

The licensed nursing facilities participate in the Medicaid program administered by the Minnesota Department of Human Services (DHS). To establish payment rates, Medicaid and private paying residents are classified into one of 48 Resource Utilization Groups (RUG).

Medicaid payment rates primarily consist of operating rates, a property related rate, and certain pass-through costs. The facility's operating expenses from the annual cost report for the 12-month period ended September 30th are used, with limits, to compute the operating payment rate effective on the January 1st date that is 15 months after the end of the cost report period. Premiums for group health insurance became a cost-based item without limits in the pass-through category on January 1, 2016. By Minnesota Statute, a nursing facility may not charge private paying residents in multiple occupancy rooms per diem rates in excess of the approved Medicaid rates for similar services.

By Minnesota Statute, a nursing facility may not charge private paying residents in multiple occupancy rooms per diem rates in excess of the approved Medicaid rates for similar services.

Medicare

The Organization owns licensed nursing facilities that participate in the Medicare program. The Organization's home health and hospice agencies also participate in the Medicare program.

By Minnesota Statute, a skilled nursing facility that participates in the Medicaid program must also participate in the Medicare program. This program is administered by the United States Centers for Medicare and Medicaid Services (CMS).

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

Medicare (Continued)

The Organization participates in the Medicare program. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. The Organization is paid under the Patient Driven Payment Model (PDPM) whereby the underlying complexity and clinical needs of a patient is used as a basis for reimbursement with variable adjustment factors that change reimbursement rates during the resident’s length of stay. Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual surveys. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the noncompliance period, which would negatively impact the revenues of the nursing facility.

The Organization’s home health agencies are reimbursed a prospective amount based on the level of care required by each patient. This prospective amount is paid periodically over the episode of care, which spans 60 days, starting when the first billable visit is furnished to a Medicare beneficiary.

Other

Payment agreements with certain commercial insurance carriers provide payment using prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretations. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation and significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization’s compliance with these laws and regulations, and it is impossible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the Organization’s contracts with commercial payors also provide retroactive audits and reviews of claims.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service Revenue (Continued)

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable considerations and included in determining 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 Organization'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 insignificant in 2024 or 2023.

Generally, residents covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization 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 service revenue in the period of the change.

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments was not considered material for the years ended December 31, 2024, and 2023. Subsequent changes determined to result from an adverse change in the Resident's ability to pay are recorded as credit loss expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors and service lines. Tables providing details of these factors are presented below.

The composition of resident service revenue by the primary payor for the years ended December 31 is as follows:

	2024	2023
Medicaid	$ 49,789,393	$ 34,093,107
Medicare	35,499,429	33,668,969
Private Pay	93,167,982	71,644,396
Commerical Insurers	14,996,569	9,764,211
Other	6,177,392	3,808,920
Total Resident Service Revenue	$ 199,630,765	$ 152,979,603

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The composition of resident service revenue by service line for the years ended December 31 is as follows:

	2024	2023
Nursing Homes	$ 55,155,101	$ 35,927,083
Market Rate Housing	107,119,953	82,951,145
Subsidized Housing	9,074,863	6,053,805
Community Based Services	28,280,848	28,047,570
Total Resident Service Revenue	$ 199,630,765	$ 152,979,603

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

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4. All incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

The opening and closing contract balances were as follows:

	Accounts Receivable
Balance as of January 1, 2023	$ 16,770,422
Balance as of December 31, 2023	$ 15,889,069
Balance as of December 31, 2024	$ 18,331,918

Occupancy Percentages

For the years ended December 31, 2024, and 2023, occupancy percentages were as follows:

	December 31, 2024		December 31, 2023	
	Units	Occupancy	Units	Occupancy
Skilled Nursing	379	76.0 %	379	70.5 %
Market Rate Housing	2,131	87.0 %	2,131	85.5 %
Subsidized Housing	934	92.8 %	799	88.9 %
Total	3,444		3,309	

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Occupancy Percentages (Continued)

For the years ended December 31, 2024, and 2023, the percentage of resident days covered under the Medicaid program at the Organization's skilled nursing communities was 29.4% and 26.5%, respectively.

For the years ended December 31, 2024, and 2023, the percentage of resident days covered under the Medicare program at the Organization's skilled nursing communities was 24.7% and 29.7%, respectively.

Deficit of Revenue over Expense

The consolidated statements of changes in net assets without donor restrictions include a line entitled the "deficit of revenue over expense" which is the performance indicator for the Organization. Changes in net assets without donor restrictions, which are excluded from deficit of revenue over expense, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used to acquire such assets).

Cash and Cash Equivalents

The Organization considers all money market accounts and certificates of deposit with maturity dates of three months or less to be cash equivalents. Certificates of deposit are stated at cost, which approximates market value.

The Organization places its cash and investments with various financial institutions. At times such deposits may be in excess of FDIC insurance limits.

Accounts Receivable

The Organization carries accounts receivable at the original charge for services rendered less an estimated allowance for expected credit losses. An adjustment to the allowance for expected credit losses is recorded quarterly based on historical collection experience, management's evaluation of receivables at the end of each quarter, and future conditions. Accounts receivable are presented net of an allowance for expected credit losses of approximately $1.5 million and $1.0 million on December 31, 2024, and 2023, respectively. Changes in the allowance for expected credit losses for the years ended December 31, 2024, and 2023 were as follows:

	2024	2023
Allowance for Expected Credit Losses:		
Balance, Beginning of Year	$ 1,006,338	$ 688,515
Provision for Losses	1,089,811	1,201,756
Accounts Written Off as Uncollectible	(559,907)	(883,933)
Balance, End of Year	$ 1,536,242	$ 1,006,338

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use include resident funds and deposits held in trust, assets held by trustees under bond and mortgage indenture agreements, assets held under HUD mortgage agreements, assets reserved for workers' compensation claims, and a letter of credit collateral. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

Under the various HUD regulatory agreements, the HUD entities are required to make deposits into restricted escrow and reserve for replacement accounts. HUD projects are required to deposit any surplus cash from operations into a residual receipts account. All disbursements from the reserve for replacement and residual receipts accounts require proper written approval from HUD.

Property and Equipment

Property and equipment with an original cost at or above two thousand dollars are recorded at cost for purchased assets or fair market value at the date of receipt for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the asset.

Construction in progress costs are deferred until the projects are completed and placed into service, at which time these costs are depreciated over the asset's useful life.

Interest Capitalization

Interest costs incurred on borrowed funds during the construction of capital assets are capitalized as a component of the cost of acquiring those assets and depreciated over the estimated useful lives by the straight-line method of depreciation. Interest costs of $0.0 million and $0.6 million have been capitalized as a component of property cost for the years ended December 31,2024, and 2023, respectively.

Investments

Investments are primarily invested in marketable equity securities, fixed income securities, mutual funds, and United States Treasury Bills. Investments are classified as trading securities and are carried at fair value with realized and unrealized gains and losses included in the deficit of revenue over expense performance indicator.

Other than perpetual trusts, unrealized gains and losses on temporarily donor-restricted investments, are reported as net assets with donor restrictions. To the extent that unrealized losses related to perpetually restricted investments exceed unrealized gains, the excess amount will be reported in net assets without donor restrictions. The cost of securities sold is based on the specific identification method.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that a change in the values of investments will occur in the near term and that such changes could be material.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the information used in determining the fair value fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Refundable Entrance Fee Payable

Abiitan Mill City requires housing entry fees for admittance into the independent living units. The entrance fee deposit amounts vary depending on the unit being rented and are 100% refundable upon re-occupancy of the vacated unit. Refundable housing entry fees were $9.9 million and $10.0 million at December 31, 2024, and 2023, respectively, and are included in other liabilities except for the estimated current portion of $.8 million, which is reported in other current liabilities.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Gift Annuities Payable

The Organization has a gift annuity program whereby donors may contribute assets to the Organization in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized in accordance with the donor's intentions at the date of the gift as specified by the donor. The Organization uses published mortality rate tables adopted by the United States IRS. The annuity liability is revalued annually based upon computed present values. Total charitable gift annuities payable was $0.3 million at December 31, 2024, and 2023. The current portion of gift annuities payable as of December 31, 2024 and 2023 was approximately $50,000 and is included in Other Current Liabilities on the consolidated balance sheets.

Real Estate Taxes

The real estate owned by the Organization related to providing licensed skilled nursing care has been exempted from ad valorem property taxes by the state of Minnesota and its political subdivisions. Property used by the Organization for other purposes is not generally exempt from ad valorem property taxes.

Asset Retirement Obligations

Asset retirement obligations represent obligations to dispose of assets that are legally required to be removed at a future date. They are recorded at the net present value using a risk-free interest rate and inflationary rate. Asset retirement obligations are recorded as Other Liabilities on the consolidated balance sheets.

Other Operating Revenue

Other operating revenue consists primarily of additional services that are provided to the residents and other members of the senior population, primarily in the state of Minnesota and surrounding states, including North Dakota. These services include home-delivered meals, outreach services, vending, and other miscellaneous services.

Contributed Services and In-Kind Contributions

The Organization receives a substantial amount of services donated by volunteers. No amounts have been reflected in the consolidated financial statements for those services. Contributed nonfinancial assets include donated property and equipment, and other in- kind contributions which are recorded at the respective fair values of the goods or services received.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Financing Leases

At the inception or modification of a contract, the Organization determines whether a lease exists and classifies it as an operating or finance lease at commencement. Subsequent to commencement, lease classification is only reassessed upon a change to the expected lease term or contract modification. Finance and operating lease assets represent the Organization's right to use an underlying asset as lessee for the lease term, and lease obligations represent the Organization's obligation to make lease payments arising from the lease. These assets and obligations are recognized at the lease commencement date based on the present value of lease payments, net of incentives, over the lease term. Incremental borrowing rates are estimated based on the Organization's borrowing rate as of the lease commencement date to determine the present value of lease payments when lease contracts do not provide a readily determinable implicit rate. The Organization's lease terms include optional extension periods when it is reasonably certain that those options will be exercised. Leases with an initial expected term of 12 months or less are not recorded in the consolidated balance sheets, and the related lease expense is recognized on a straight-line basis over the lease term.

The Organization records operating lease expense and income using the straight-line method within Other Operating Expenses. Finance lease expense is recognized as amortization and interest expense within Depreciation Expense and Interest Expense. For leases with step rent provisions whereby the rental payments increase over the life of the lease, the Organization recognizes expense based on a straight-line basis based on the total minimum lease payments to be made or lease receipts expected to be received over the expected lease term. The Organization may be obligated for property tax, insurance and, maintenance expenses related to leased properties, which represent variable lease expenses.

Reclassifications

Certain items in the consolidated financial statements have been reclassified as of and for the year ended December 31, 2023 to conform to the current year classification. The reclassifications had no impact on the Organization's overall net assets.

NOTE 2 LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in investments as described in Note 4.

Under the terms of the various financing agreements, the Organization has agreed to certain debt covenant restrictions. The Organization is required to meet certain financial and operating covenants, including maintaining a minimum level of days cash on hand. Accordingly, a portion of the financial assets available for use within one year, reported below, is required to be maintained by the Organization to comply with the minimum level of days cash on hand required at certain facilities.

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As of December 31, 2024, the Organization was in compliance with bond covenants as they relate to accounting matters under various financing agreements, more fully described in Note 8.

Financial assets available for general expenditures within one year of the balance sheet date consist of the following:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 10,824,282	$ 11,045,140
Accounts Receivable	18,331,918	15,889,069
Assets Limited to Use:		
Resident Funds	3,254,828	7,220,820
Funds Held Under Bond and Mortgage Agreements	12,324,366	9,687,684
Funds Held Under Subsidized Housing Mortgage	3,950,604	3,687,776
Workers' Compensation Reserve Funds	1,200,000	1,200,000
Letter of Credit Collateral Investment	3,608	107,166
Investments	31,854,633	29,283,675
Investments in Perpetual Trust	3,056,154	2,834,093
Total Financial Assets	84,800,393	80,955,423
Less Amounts Not Available to be Used Within One Year:		
Resident Funds	$ (3,254,828)	$ (4,549,054)
Funds Held Under Bond and Mortgage Agreements	(9,230,311)	(6,603,809)
Funds Held Under Subsidized Housing Mortgage	(3,251,316)	(3,354,979)
Workers' Compensation Reserve Funds	(603,000)	(603,000)
Letter of Credit Collateral Investment	(3,608)	(107,166)
Investments	(3,235,504)	(1,334,057)
Investments in Perpetual Trust	(3,056,154)	(2,834,093)
Use Within One Year	$ 62,165,672	$ 61,569,265

The Organization has assets limited to use for mortgage escrows and future repair and replacement of the Project facilities. Additionally, tenant security deposit assets are designated for refunding resident security deposits upon move-out. These assets limited to use, which are more fully described in Note 3, are not available for general expenditure within the next year and are not reflected in the amounts above.

NOTE 3 ASSETS LIMITED AS TO USE

The Organization is required to hold funds in various accounts based upon terms in the indenture of trust of the various bond issuances. In addition, the organizations operating under HUD are required to deposit funds into the required escrow, reserve for replacement, and residual receipt accounts. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

NOTE 3 ASSETS LIMITED AS TO USE (CONTINUED)

The Organization was required to maintain the following accounts:

Funds Held Under Bond and Mortgage Indenture Agreements

Bond Service Funds

Bond service funds have been established for the Organization to deposit monthly amounts necessary to pay semi-annual principal and interest on the bonds.

Bond Reserve Funds

Bond reserve funds have been established to provide a reserve for payment of principal and interest on the bonds in the event the Organization's principal and interest payments are insufficient to meet debt service requirements.

Bond Repair and Replacement Funds

Bond repair and replacement funds have been established to provide for repair and replacement of property funded by revenue bonds.

Bond Construction Funds

Bond construction funds have been established to hold bond proceeds temporarily for capital project expenditures.

Working Capital Funds

Working capital funds have been established to provide funds for operations during the startup operations financed through a bond issuance.

Funds Held Under Subsidized Housing Mortgage

Various escrow and reserve funds have been established under subsidized housing mortgage loan agreements. The funds accumulate in accordance with regulatory and loan agreements for payment of real estate taxes, insurance, building and equipment repairs and replacements, and surplus cash for the HUD projects. Withdrawals from the HUD mortgage escrow, reserve for replacement, and residual receipts require HUD approval.

Workers' Compensation Reserve Funds

The provider of the Organization's workers' compensation policy requires funds to be held in escrow as collateral for future workers' compensation claims.

Letter of Credit Collateral

The Organization is required to maintain collateral related to a letter of credit held for the benefit of a component of the variable rate long-term debt.

Resident Funds and Deposits

The Organization holds, in trust, funds advanced by residents to be used at each resident's direction. The funds held in trust are maintained in separate interest-bearing accounts. The Organization also collects, as a condition of occupancy at its various senior housing communities, security deposits that are refundable upon leaving the community. Abiitan Mill City requires housing entry fees for admittance into the independent living units.

NOTE 3 ASSETS LIMITED AS TO USE (CONTINUED)

Resident Funds and Deposits (Continued)

The entrance fee deposit amounts vary depending on the unit being rented and are 100% refundable upon re-occupancy of the vacated unit. Cooperative member share payments represent the owner's initial down payment on their perspective unit.

Assets limited as to use are invested in the following at December 31:

	2024	2023
Cash and Cash Equivalents	$ 19,467,206	$ 20,637,685
Fixed Income	1,200,000	1,200,000
Certificates of Deposit	66,200	65,762
Total Assets Limited as to Use	$ 20,733,406	$ 21,903,447

The assets limited as to use are included as follows on the consolidated balance sheets at December 31:

	2024	2023
Resident Funds:		
Residents' Funds and Deposits	$ 2,199,388	$ 1,803,009
Residents' Refundable Entry Fee Deposits	1,055,440	848,184
Cooperative Member Share Deposits	-	4,569,628
Subtotal	3,254,828	7,220,821
Funds Held Under Bond and Mortgage Indentures Agreements:		
Bond Service Funds	1,680,586	1,685,913
Bond Reserve Funds	3,029,296	2,042,573
Bond Repair and Replacement Funds	2,644,477	4,179,830
Construction Funds	3,309,787	20,576
Working Capital Funds	1,660,220	1,758,792
Subtotal	12,324,366	9,687,684
Funds Held Under Subsidized Housing Mortgage:		
Mortgage Escrow Funds	422,066	1,184,919
Reserve for Replacement Funds	2,095,891	1,605,792
Residual Receipts Funds	341,172	651,773
Tax and Insurance Escrows	421,571	222,724
Construction Funds	647,336	-
Working Capital Funds	22,568	22,568
Subtotal	3,950,604	3,687,776
Worker's Compensation Reserve Funds	1,200,000	1,200,000
Letter of Credit Collateral - Investments	3,608	107,166
Total Assets Limited as to Use	$ 20,733,406	$ 21,903,447

NOTE 4 INVESTMENTS

The fair value of investments is estimated based on quoted market prices for those or similar investments. Investment portfolios consisted of the following at December 31:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	$ 7,636,427	$ 7,636,427	$ 7,227,982	$ 7,227,982
Fixed Income	6,809,467	7,189,912	6,312,548	7,819,295
Equity Securities	11,685,625	10,280,822	10,177,415	6,757,599
Mutual Funds	5,607,823	5,781,554	5,442,992	5,497,939
Investment in Joint Venture	115,291	115,291	122,738	122,738
Total	$ 31,854,633	$ 31,004,006	$ 29,283,675	$ 27,425,553

The Organization records other investments at the lower of cost or market under accounting principles generally accepted in the United States of America.

The total unrealized gain on trading securities held was $0.8 million and $1.9 million at December 31, 2024, and 2023, respectively.

Investment income earned during the years ended December 31 was from the following:

	2024	2023
Interest and Dividend Income	$ 1,425,604	$ 929,967
Net Realized Gain on Investments	3,921,882	1,366,235
Unrealized Gain (Loss) on Investments	(2,288,157)	1,574,147
Total Investment Income	$ 3,059,329	$ 3,870,349

NOTE 5 ACQUISITIONS

Effective March 3, 2023, the Organization acquired Hennepin Healthcare System, Inc. (Hennepin Hospice), a hospice program, at a total cost of $1.7 million.

Effective April 1, 2024, Ecumen assumed the sponsorship of St. Croix Valley Supporting Housing for the Elderly, Inc (dba Forest Heights Apartments) which is a 30-unit HUD Program 202-PRAC for the elderly as well as the ownership of River Town Heights Apartments which is a 25-unit HUD Program 202 HAP. Both are located in St. Croix Falls, WI and were transferred to Ecumen from St. Croix Health following the review and approval of HUD. Ecumen had managed these sites on behalf of St. Croix Health since 2020. No funds were exchanged between St. Croix Health and Ecumen with this transfer. Ecumen continues to manage both sites.

NOTE 5 ACQUISITIONS (CONTINUED)

Effective May 1, 2024, Ecumen assumed the sponsorship of both Benet Place Apartments as well as Benet Place South Apartments which are each 40-unit HUD Program 202 -PRAC for the elderly. Both are located in St. Cloud and were transferred to Ecumen from CentraCare following the review and approval of HUD. No funds were exchanged between CentraCare and Ecumen with this transfer. Upon the date of transfer, Ecumen assumed and continues to provide management services.

NOTE 6 IN-KIND CONTRIBUTION

Effective December 15, 2023, the Organization was transferred the operations and facilities of St. Benedict's Care Center, a 174 bed skilled nursing facility, Benedict Court, a 39 unit assisted living facility, Benedict Homes, a 27 unit assisted living and memory care facility, Benedict Village, a 95 unit independent living facility, Chateau Waters, a 72 unit assisted living facility, Sartell Therapy Suites, a 24 bed skilled nursing facility, Monticello Benedict Village, a 59 unit independent living facility, Monticello Benedict Court, a 91 unit assisted living and memory care facility, along with vacant adjacent land and two houses (collectively Ecumen SBC Inc.) for future installment payments totaling $5.85 million. The fair value of assets received in excess of the future installment liability resulted in an in-kind contribution recognized of approximately $43.9 million which is reported as in in-kind contribution on the consolidated statements of changes in net assets without donor restrictions for the year ended December 31, 2023. The fair value of assets received was estimated by management using the price per unit/bed for senior housing and nursing care transactions that closed throughout 2023 and applying the average price per unit/bed from those transactions to the units/beds received and noted above to estimate their fair value.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment on the consolidated balance sheets consisted of the following at December 31:

	2024	2023
Land and Improvements	$ 29,945,710	$ 26,549,100
Buildings and Improvements	433,283,653	424,241,764
Furniture and Equipment	30,801,856	27,413,868
Construction in Progress	778,902	27,147,358
Total	494,810,121	505,352,090
Less: Accumulated Depreciation	(214,866,987)	(192,777,036)
Total Property and Equipment	$ 279,943,134	$ 312,575,054

Depreciation expense for the years ended December 31,2024, and 2023 was $16.6 million and $13.9 million, respectively.

NOTE 7 PROPERTY AND EQUIPMENT (CONTINUED)

Construction in progress consisted of the following significant projects at December 31, 2024 and 2023:

Long Lake Cooperative

The Organization began planning for its cooperative project located in Long Lake, Minnesota in late 2020. The cost of this 57-unit project was approximately $28 million and was financed with external debt and member share payments. The land was purchased by Ecumen in October 2020 for $1.2 million and was financed by the project at Initial Endorsement in 2022. Construction was completed in December of 2023, with the financing finalized, and ownership transferred to members at final endorsement during 2024 resulting in the Long Lake Cooperative being deconsolidated from these consolidated financial statements at that time. As of December 31, 2023, approximately $26 million is included in construction in progress related to this project.

Other

The Organization has no incurred construction costs related to the planned development of new building projects. The Organization continues to work on planned renovations and remodeling of existing nursing facilities and senior housing projects.

NOTE 8 LONG-TERM DEBT

The Organization's long-term debt at December 31 is summarized below:

Description	2024	2023
Fixed Rate Debt (1)	$ 98,830,000	$ 91,040,000
Fixed Rate HUD Debt (2)	66,317,725	67,597,374
Private Placement Reset Debt (3)	89,066,466	96,229,114
Variable Rate Debt (4)	11,441,994	9,018,652
Subsidized HUD Debt (5)	4,935,804	5,119,088
Flexible Subsidy Assistance Loan (6)	1,031,129	1,069,689
HUD Capital Advances (7)	15,309,040	9,931,202
Private (8)	6,900,000	7,000,000
Subtotal	293,832,158	287,005,119
Cooperative HUD Debt (9)	-	17,071,943
Total Long-Term Debt	293,832,158	304,077,062
Less: Current Maturities	11,033,213	10,374,825
Less: Unamortized Bond (Premium) Discount	(30,648)	(71,885)
Less: Unamortized Financing Costs	5,287,965	6,148,769
Long-Term Portion	$ 277,541,628	$ 287,625,353

(1) Fixed-rate debt has interest rates ranging from 0.00% - 5.00%, with monthly and semiannual principal and interest payments due through maturity from 2029 through 2054.

NOTE 8 LONG-TERM DEBT (CONTINUED)

(2) Fixed Rate HUD Debt has fixed interest rates that range from 2.40% - 9.20%, with monthly and semi-annual principal and interest payments due through maturity from 2047 through 2055.

(3) Private placement reset debt has interest rates ranging from 1.00% - 4.88%, with monthly principal and interest due through maturity from 2027 through 2039.

(4) Variable rate debt has a variable interest rate that is determined by the issuer on a weekly or monthly basis and is indexed to a current short-term market rate. Monthly principal and interest payments are due through maturity from 2024 through 2036. The interest rate for the year ended December 31, 2024, ranged from 1.87% - 8.5%. Included in the variable rate debt are $5.0 million and $5.3 million of bonds at December 31, 2024, and 2023, respectively. Also included in variable rate debt are $6.4 million and $2.5 million of a revolving line of credit at December 31, 2024, and 2023, respectively.

(5) Subsidized HUD Debt has fixed interest rates ranging from 3.00% - 3.67%, with monthly principal and interest payments due through maturity from 2043 through 2044.

(6) The Flexible Subsidy Assistance loan is an agreement with HUD for funds for repairs, replacements, and improvements of a HUD senior apartment facility. The loan has an interest rate of 1% that matures in 2048. The balance of this loan is $1.0 and $1.1 million at December 31, 2024, and 2023, respectively.

(7) Four of the HUD senior apartments were participants in a capital advance program with the Department of Housing and Urban Development. Under this program, the capital advances bear no interest, and repayment is not required as long as the housing remains available for low-income, elderly persons for a period of at least 40 years. Noncompliance would result in HUD billing the facilities for the entire capital advances plus interest at rates varying from 5.375% to 7.0%.

(8) In 2023, additional private debt included $5.6 million for the acquisition of St. Benedict’s Community (SBC) and $1.4 million for the Twin Cities Hospice Hennepin Healthcare acquisition.

(9) During 2024 the Cooperative HUD debt for Zvago Cooperative at Long Lake debt was transferred to the Cooperative shareholders.

Substantially all of the Organization’s property, equipment, and assets, plus the assignment of rents and income contracts, are pledged as collateral for the above. The Organization is also subject to various covenants under many of the bond, loan, and mortgage agreements. Management is not aware of any violations of these covenants as of and for the year ended December 31, 2024.

Interest expense during the years ended December 31, 2024, and 2023 was $12.3 million and $9.8 million respectively.

NOTE 8 LONG-TERM DEBT (CONTINUED)

Scheduled principal payments on long-term debt are as follows:

Year Ending December 31,	Amount
2025	$ 11,033,213
2026	9,899,259
2027	9,667,025
2028	8,426,636
2029	8,733,577
Later Years	246,072,448
Total	$ 293,832,158

Under the terms of the bond indentures, the Organization is required to maintain certain deposits with respective trustees that are recorded as Assets Limited as to Use on the consolidated balance sheets.

Unamortized Financing Costs

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized over the term of the related indebtedness. Unamortized financing costs at December 31, 2024, and 2023 were $5.3 million and $6.1 million, respectively. Amortization expense for the years ended December 31, 2024, and 2023 was $0.5 million and $0.4 million, respectively.

NOTE 9 LEASES

The Organization leases certain of its healthcare facilities, other facilities, office equipment, vehicles, and other operating equipment from third parties. Many of these leases include renewal options, and the option to renew is at the Organization's discretion. Certain leases also include options to purchase the leased property. The Organization's lease agreements do not contain any material residual value guarantees. The Organization leases certain properties to third parties and receives rental payments under operating leases. These amounts are not material to the Organization. Lease assets and liabilities are as follows:

	2024	2023
Assets:		
Operating Lease Assets	$ 103,735	$ 300,821
Finance Lease Assets	8,411,263	823,775
Total Assets	$ 8,514,998	$ 1,124,596
Liabilities:		
Current:		
Operating Leases	$ 25,721	$ 62,553
Finance Leases	577,352	242,127
Non-Current:		
Operating Leases	78,883	240,148
Finance Leases	8,164,087	614,374
Total Liabilites	$ 8,846,043	$ 1,159,202

NOTE 9 LEASES (CONTINUED)

The Organization's lease costs under ACS 842 for the years ended December 31, 2024, and 2023 are as follows:

	2024	2023
Operating Lease Cost	$ 63,791	$ 108,144
Finance Lease Cost:		
Amortization of Lease Assets	639,265	514,768
Interest on Lease Liabilities	145,146	41,393
Variable Lease Cost	78,134	112,796
Short-Term Lease Cost	-	-
Total Lease Cost	$ 926,336	$ 777,101

As of December 31, 2024, the maturity of lease obligations consisted of the following:

Maturity Schedule	Operating Leases	Finacing Leases
2025	29,220	708,770
2026	26,620	627,774
2027	23,742	616,053
2028	14,609	613,463
2029	4,334	543,766
Thereafter	17,335	6,120,460
Total Undiscounted Lease Liabilities	$ 115,860	$ 9,230,286
Less: Interest (1)	(11,256)	(488,847)
Present Value of Lease Liabilities	$ 104,604	$ 8,741,439
Less Current Lease Liabilities	(25,721)	(577,352)
Long-Term Lease Liabilities	$ 78,883	$ 8,164,087

(1) Calculated using the interest rate for each lease

The following tables provide other information required by ASC 842:

Additional Disclosures :	2024	2023
Lease Term and Discount Rate		
Weighted-Average Remaining Lease Term (Years)		
Operating Leases	5.11	5.29
Finance Leases	6.58	6.16
Weighted-Average Discount Rate		
Operating Leases	4.12%	4.12%
Finance Leases	4.12%	4.12%

NOTE 9 LEASES (CONTINUED)

Other Information:	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 63,701	$ 109,642
Operating Cash Flows from Finance Leases	144,536	40,953
Financing Cash Flows from Finance Leases	593,719	517,856
Leased Assets Obtained in Exchange for New Finance Lease Liabilities:	2,029,770	77,906
Leased Assets Obtained in Exchange for New Operating Lease Liabilities:	64,218	350,909

NOTE 10 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of December 31, 2024, and 2023:

	Level 1	Level 2	Level 3	2024 Total
Assets:				
Investments:				
Fixed Income	$ -	$ 6,809,467	$ -	$ 6,809,467
Equity Securities	11,685,625	-	-	11,685,625
Mutual Funds	-	5,607,823	-	5,607,823
Assets Limited as to Use:				
Fixed Income	-	1,200,000	-	1,200,000
Beneficial Interest in Perpetual Trusts	-	-	3,056,154	3,056,154
Total Assets	$ 11,685,625	$ 13,617,290	$ 3,056,154	$ 28,359,069

	Level 1	Level 2	Level 3	2023 Total
Assets:				
Investments:				
Fixed Income	$ -	$ 6,312,548	$ -	$ 6,312,548
Equity Securities	10,177,415	-	-	10,190,804
Mutual Funds	-	5,442,992	-	5,442,992
Assets Limited as to Use:				
Fixed Income	-	1,200,000	-	1,200,000
Beneficial Interest in Perpetual Trusts	-	-	2,834,093	2,834,093
Total Assets	$ 10,177,415	$ 12,955,540	$ 2,834,093	$ 25,980,437

NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the years ended December 31, 2024, and 2023:

	Beneficial Interest - Perpetual Trusts
Balance at January 1, 2024	$ 2,834,093
Total Gains (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	91,194
Unrealized Gain	287,739
Purchases, Sales, Issuances and Settlements, Net	(156,872)
Balance at December 31, 2024	$ 3,056,154
Balance at January 1, 2023	$ 2,523,343
Total Gains (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	66,047
Unrealized Gain	383,385
Purchases, Sales, Issuances and Settlements, Net	(138,682)
Balance at December 31, 2023	$ 2,834,093

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

Securities valued using Level 3 inputs include the Organization's beneficial interest in perpetual trusts, which is valued based on the present value of future cash flows from the underlying investments. Gains and losses on the beneficial interest in perpetual trusts are shown as a permanently restricted change in investments in perpetual trusts on the consolidated statement of changes in net assets. The significant unobservable input used in the fair value measurement of the beneficial interest in a perpetual trust is their allocated portion of the underlying trust assets. Significant changes in this input could result in a significant change in the fair value measurement.

NOTE 11 CLASSIFICATION OF NET ASSETS

Net assets with donor restrictions are comprised of the following at December 31:

	2024	2023
HUD Capital Grants	$ 2,606,854	$ 758,083
Capital Projects and Renovations	2,296,025	355,977
Residence Care and Other Services	1,729,093	34,505
Perpetual Trusts	3,056,154	2,834,093
Perpetual Endowment Funds Required to be Retained	705,438	705,438
Total	$ 10,393,564	$ 4,688,096

Net assets are released from donor restrictions by expending funds for the intended purpose, the passage of time, or by the occurrence of other events as specified by donors. Net assets of $.4 million and $.2 million were released from restrictions for operating purposes for years ended December 31, 2024, and 2023, respectively. Net assets of $0.04 million and $0 million were released for the purchase of property and equipment for the years ended December 31, 2024, and 2023, respectively.

Perpetual Trusts

The Organization is the beneficiary of trust funds for which the assets are to be held in perpetuity per donor restriction. The current market value of the original trusts are shown as net assets with donor restrictions as they are not available for distribution. Investment income earned on the trust funds is recorded as unrestricted. The Organization is not the trustee for these perpetual trusts.

Permanent Endowments

The Organization's endowments, other than perpetual trusts, were established by donors for which income is expendable to pay for general operating expenses, special community programs, scholarships, and continuing support of the Organization's ministry and vision, and is included in the investment accounts of the Organization. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including those designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Minnesota's State Prudent Management of Institutional Funds Act (the Act) was effective August 1, 2008. The board of directors of the Organization has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds, absent any explicit donor stipulations to the contrary. The Organization's perpetual trusts are not covered by the Act as the Organization is not the trustee of these trusts.

As a result of this interpretation, the Organization classifies as endowment donor-restricted net assets (1) the original value of gifts donated, (2) the original value of subsequent gifts donated, and (3) the accumulations to the endowment donor-restricted net assets made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 11 CLASSIFICATION OF NET ASSETS (CONTINUED)

Interpretation of Relevant Law (Continued)

The endowment donor-restricted funds are classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in the Act. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

Changes in net assets for the years ended December 31 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Endowment Net Assets, January 1, 2024	$ 520,859	$ 705,438	$ 1,226,297
Investment Return:			
Investment Income	-	45,877	45,877
Net Appreciation (Realized and Unrealized)	(32)	(45,909)	(45,941)
Total Investment Return	(32)	(32)	(64)
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	32	32
Endowment Net Assets, December 31, 2024	$ 520,827	$ 705,438	$ 1,226,265

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Endowment Net Assets, January 1, 2023	$ 568,656	$ 705,438	$ 1,274,094
Investment Return:			
Investment Income	-	40,111	40,111
Net Appreciation (Realized and Unrealized)	(47,797)	(87,908)	(135,705)
Total Investment Return	(47,797)	(47,797)	(95,594)
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	47,797	47,797
Endowment Net Assets, December 31, 2023	$ 520,859	$ 705,438	$ 1,226,297

NOTE 11 CLASSIFICATION OF NET ASSETS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No such deficiencies existed at December 31, 2024, or 2023.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for its investment funds, including the permanent endowments that attempt to provide a total return (yield plus capital appreciation) necessary at least to preserve and enhance the principal of the assets, and at the same time, provide a dependable and growing source of income for current requirements of any designated funds. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that provide a predictive and dependable source of income.

Strategies Employed for Achieving Results

To satisfy its capital appreciation and expected results, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equities, including mutual funds and fixed income investments, to achieve its objectives within the risk constraints.

Spending Policy

The Organization has a policy, based upon the intent of the donor-restricted endowed assets, to spend the earnings from the endowment fund for general operating expenses, special community programs, provide scholarships, and continuing support of the Organization’s ministry and vision.

NOTE 12 RETIREMENT PLAN

The Organization provides defined contribution pension plans for its employees. Participation in the plans is available to employees upon meeting certain eligibility requirements. Contributions are based on defined or discretionary formulas. Contributions to the plans by the Organization were $3.0 million and $2.4 million for the years ended December 31, 2024, and 2023, respectively. Benefits payable upon retirement are determined by the amount contributed by the employee and by the Organization on the employee's behalf.

NOTE 13 MANAGEMENT FEES FROM UNRELATED PARTIES

The Organization manages a number of unrelated third-party-owned projects that are not included in the accompanying consolidated financial statements. The Organization has entered into management agreements with the owners of these projects and has recognized management fee revenue of $.5 million and $1.8 million for the years ended December 31, 2024, and 2023, respectively, from these agreements.

NOTE 14 FUNCTIONAL CLASSIFICATION OF EXPENSES

Functional classification of expenses for the year ended December 31, 2024, consisting of the following:

	Program					Total	Management		
	Skilled Nursing	Community	Market Housing	Subsidized Housing	Ecumen Parent	Program Services	and General	Fundraising	Total
Salaries	$ 28,383,603	$ 12,111,056	$ 36,995,305	$ 869,367	$ 1,238,680	$ 79,598,011	$ 21,204,597	$ 645,950	$ 101,448,558
Payroll Taxes & Benefits	6,638,208	3,016,975	7,593,401	212,701	284,134	17,745,419	5,431,698	190,866	23,367,983
Contract Labor	-	-	-	-	-	-	411,940	-	411,940
Professional Fees	5,917,917	1,447,555	6,827,378	546,775	680,656	15,420,281	2,411,922	55,207	17,887,410
Advertising	-	-	-	-	19,461	19,461	879,572	8,710	907,743
Office Expense	397,750	267,536	728,075	128,285	25,925	1,547,571	397,938	8,967	1,954,476
Information & Technology	848,686	467,484	1,062,195	73,916	25,736	2,478,017	493,048	25,867	2,996,932
Occupancy	2,011,472	17,397	10,147,193	3,093,965	25,501	15,295,528	2,062,760	-	17,358,288
Travel	70,402	760,945	93,278	6,215	15,799	946,639	222,067	5,780	1,174,486
Conferences & Meetings	28,199	8,145	6,704	1,973	5,462	50,483	106,272	5,657	162,412
Interest & Amortization	1,820,036	198,096	8,840,822	2,186,819	51,219	13,096,992	463,562	-	13,560,554
Depreciation	2,316,133	21,759	10,411,693	3,340,207	23,159	16,112,951	350,022	-	16,462,973
Insurance	715,171	46,678	1,847,439	372,715	26,245	3,008,248	322,968	-	3,331,216
Dues & Subscriptions	6,907	3,398	11,448	3,164	4,513	29,430	237,780	80	267,290
Other	-	-	-	9,642	6,642	16,284	94,575	-	110,859
Bad Debt	-	-	-	-	(1,358)	(1,358)	1,091,169	-	1,089,811
Progam	15,777	4,328,759	15,814	2,127	32,493	4,394,970	933,671	-	5,328,641
License & Permits	9,562	6,465	29,624	1,354	604	47,609	320,028	-	367,637
Surcharge	920,661	-	-	-	-	920,661	-	-	920,661
Resident Care Supplies	6,001,006	1,873,761	4,021,182	29,325	-	11,925,274	-	-	11,925,274
Minor equipment & Rental	151,482	13,922	174,459	9,056	13,694	362,613	687,521	3,593	1,053,727
Cable TV	101,862	-	495,152	131,562	-	728,576	50	-	728,626
Total Expenses	$ 56,354,834	$ 24,589,931	$ 89,301,162	$ 11,019,168	$ 2,478,565	$ 183,743,660	$ 38,123,160	$ 950,677	$ 222,817,497

Functional classification of expenses for the year ended December 31, 2023, consisted of the following:

	Program					Total	Management		
	Skilled Nursing	Community	Market Housing	Subsidized Housing	Ecumen Parent	Program Services	and General	Fundraising	Total
Salaries	$ 19,407,908	$ 12,040,620	$ 29,450,250	$ 670,040	$ 1,214,474	$ 62,783,292	$ 19,824,099	$ 583,718	$ 83,191,109
Payroll Taxes & Benefits	4,566,153	2,699,857	5,557,737	211,297	245,352	13,280,396	5,030,601	192,857	18,503,854
Contract Labor	-	-	-	-	-	-	64,330	-	64,330
Professional Fees	(200,085)	1,216,926	7,346,398	144,938	406,136	8,914,313	1,824,682	63,152	10,802,147
Advertising	-	-	-	-	13,314	13,314	829,812	3,854	846,980
Office Expense	238,986	287,191	593,621	86,156	57,373	1,263,327	693,516	6,266	1,963,109
Information & Technology	773,356	413,720	1,186,962	57,072	(57,205)	2,373,905	(236,464)	18,650	2,156,091
Occupancy	1,365,855	21,363	8,825,736	1,929,376	19,376	12,161,706	1,715,091	-	13,876,797
Travel	42,162	838,140	70,515	4,777	12,244	967,838	194,305	1,247	1,163,390
Conferences & Meetings	10,885	4,834	2,806	1,776	3,784	24,085	77,392	390	101,867
Interest & Amortization	1,606,833	126,030	8,161,854	716,340	24,610	10,635,667	349,262	-	10,984,929
Depreciation	2,133,698	21,780	9,288,842	1,881,054	40,663	13,366,037	509,415	-	13,875,452
Insurance	375,408	46,573	1,312,636	201,072	24,774	1,960,463	307,892	-	2,268,355
Dues & Subscriptions	2,283	1,566	11,713	304	3,349	19,215	182,150	654	202,019
Other	-	-	-	11,988	-	11,988	239,429	-	251,417
Bad Debt	-	-	-	-	52,487	52,487	1,149,269	-	1,201,756
Progam	7,128	3,876,116	9,526	1,166	31,821	3,925,757	1,019,127	-	4,944,884
License & Permits	11,256	8,266	30,501	997	436	51,456	378,912	-	430,368
Surcharge	648,506	-	-	-	-	648,506	-	-	648,506
Resident Care Supplies	3,729,205	1,684,440	3,417,699	11,541	-	8,842,885	-	-	8,842,885
Minor equipment & Rental	131,860	-	75,591	3,271	16,457	227,179	544,597	1,042	772,818
Cable TV	80,261	-	446,653	109,535	-	636,449	1,461	-	637,910
Total Expenses	$ 34,931,658	$ 23,287,422	$ 75,789,040	$ 6,042,700	$ 2,109,445	$ 142,160,265	$ 34,698,878	$ 871,830	$ 177,730,973

NOTE 14 FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

Fundraising expenses of $1.0 and $0.9 million for the years ending December 31, 2024 and 2023, respectively, are included with net fundraising income on the consolidated statements of changes in net assets without donor restrictions. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

NOTE 15 INSURANCE AND EMPLOYEE BENEFITS

Workers' Compensation Insurance

The Organization purchases a Large Deductible Workers' Compensation policy. A $1.2 million escrow account provides collateral funding for the workers' compensation program. The Organization has estimated reserves and recorded liabilities for outstanding claims of approximately $.6 million as of December 31, 2024, and 2023, which is included in Other Current Liabilities and Other Liabilities on the consolidated balance sheets.

The Organization's provision for outstanding losses, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received, and the effect of such changes could be material to the consolidated financial statements.

Employee Health and Dental Insurance

The Organization has a self-insured health and dental insurance plan and has contracted with an administrative service company to supervise and administer the programs. The Organization contracts separately to insure for excessive or unexpected claims through a stop-loss agreement. The stop-loss agreement covers medical claims subject to a deductible of $0.2 million per individual or aggregate deductible of the greater of $11.5 million or monthly aggregate total as calculated per the agreement. Claims in excess of these amounts will be funded by the stop-loss carrier. A liability of approximately $1.2 million and $0.2 million was recorded in other current liabilities at December 31, 2024, and 2023, respectively, related to claims incurred but not reported.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Government Regulations – Medicaid

The Minnesota Department of Human Services reserves the right to perform audit examinations of the records of long-term healthcare facilities. Any adjustments resulting from such an examination could retroactively adjust Medicaid revenue.

NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Government Regulations – Medicare

The Medicare intermediary has the authority to audit the licensed nursing facilities' records at any time within a three-year period after the date Ecumen receives a final notice of program reimbursement for each cost reporting period. Any adjustments resulting from the audit process could retroactively adjust Medicare revenue.

Health Care

The healthcare industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management is not aware of any violations of these laws and regulations.

NOTE 17 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued.

Ecumen has accepted an offer to transfer two affordable housing properties Park Villa and Winona Shores, with outstanding HUD mortgages of $2,036,102 and $2,058,800 respectively as of December 31, 2024. Ecumen has also agreed to sell three additional properties, Bethel Manor I, Bethel Manor II, and Parmly, with outstanding long-term debt of $0, $ 1,337,128, and $1,672,898 respectively. The agreement stipulates acquisition prices of $2,658,000 for Bethel Manor I, $3,415,000 for Bethel Manor II, and $4,805,000 for Parmly.

HUD has approved the two properties for transfer and approval of the sale of the remaining three properties in exchange for the cash is expected August 2025 with an anticipated close date to occur in November 2025 for all five properties.

The Organization evaluated all events or transactions that occurred after December 31, 2024, through July 10, 2025, the date the consolidated financial statements were issued.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Ecumen and Subsidiaries
Shoreview, Minnesota

We have audited the consolidated financial statements of Ecumen and Subsidiaries as of and for the years ended December 31, 2024 and 2023, and our report thereon dated July 10, 2025, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are 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 December 31, 2024 and 2023 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the years ended December 31, 2024 and 2023, as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Ecumen and Subsidiaries as of December 31, 2022, and the related consolidated statements of changes in net assets without donor restrictions, changes in net assets, and cash flows for the year ended December 31, 2022 (none of which is presented herein), and we expressed unmodified opinions on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information for the year ended December 31, 2022,is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the December 31, 2022 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 supplementary information for the year ended December 31, 2022, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 10, 2025

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS – BY SEGMENT
YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2024	2023	2022
OPERATING REVENUES BY SEGMENT			
Nursing Homes	$ 58,702,983	$ 37,633,635	$ 32,237,466
Market Rate Housing	109,959,162	85,051,528	75,542,029
Subsidized Housing	8,811,859	5,807,030	4,524,142
Community Based Services	28,545,621	28,371,386	25,348,438
Management and Consulting	5,949,883	6,333,419	12,333,770
Total Revenue	$ 211,969,508	$ 163,196,998	$ 149,985,845
OPERATING INCOME (LOSS) BY SEGMENT			
Nursing Homes	$ (4,343,325)	$ (1,604,595)	$ (4,202,894)
Market Rate Housing	6,448,759	(2,504,399)	(10,887,089)
Subsidized Housing	(4,327,727)	(1,601,647)	(857,956)
Community Based Services	420,503	1,414,381	2,995,131
Corporate Services (Net of Management and Consulting Revenue)	(8,095,522)	(9,365,885)	(5,019,818)
Loss from Operations	(9,897,312)	(13,662,145)	(17,972,626)
OTHER INCOME AND EXPENSE			
Net Fundraising Income (Expense)	(910,701)	(363,094)	197,768
Investment Income (Expense)	3,059,329	3,870,349	(5,405,417)
Other Income	(3,988,293)	(300,883)	968,658
Total Other Income and Expense	(1,839,665)	3,206,372	(4,238,991)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	(11,736,977)	(10,455,773)	(22,211,617)
Net Assets Released from Restriction - Purchase of Property and Equipment	37,000	-	34,725
In-Kind Contribution	-	43,914,164	-
Equity Contribution	32,729	2,593,203	3,461,478
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (11,667,248)	$ 36,051,594	$ (18,715,414)

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Combined Ecumen Operations Before Subsidized Housing	Ecumen Services	Ecumen Foundation	Eliminations	Ecumen Before Subsidized Housing	Subsidized Housing Combined	Eliminations	Total
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	$ 14,203,002	$ (10,056,752)	$ 6,276,951	$ -	$ 10,423,201	$ 401,081	$ -	$ 10,824,282
Investments	7,636,427	-	-	-	7,636,427	-	-	7,636,427
Current Portion of Assets Limited as to Use	6,644,468	-	-	-	6,644,468	1,000,703	-	7,645,171
Accounts Receivable	17,643,211	1,816,748	-	-	19,459,959	408,201	-	19,868,160
Allowance for Expected Credit Losses	(1,111,242)	(425,000)	-	-	(1,536,242)	-	-	(1,536,242)
Other Current Assets	984,180	169,111	-	(88,715)	1,064,576	265,056	-	1,329,632
Total Current Assets	46,000,046	(8,495,893)	6,276,951	(88,715)	43,692,389	2,075,041	-	45,767,430
ASSETS LIMITED AS TO USE	16,481,387	-	-	-	16,481,387	4,252,019	-	20,733,406
Less: Current Portion of Assets Limited as to Use	(6,644,468)	-	-	-	(6,644,468)	(1,000,703)	-	(7,645,171)
Noncurrent Assets Limited as to Use	9,836,919	-	-	-	9,836,919	3,251,316	-	13,088,235
RIGHT OF USE ASSET	3,387,121	1,845	-	-	3,388,966	5,022,297	-	8,411,263
PROPERTY AND EQUIPMENT, NET	214,313,161	1,104,022	-	-	215,417,183	64,525,951	-	279,943,134
GOODWILL,NET	1,471,727	-	-	-	1,471,727	-	-	1,471,727
OTHER ASSETS								
Intercompany Receivables	69,157,317	4,010,105	-	(73,346,615)	(179,193)	253,705	(74,512)	-
Receivable from Foundation	8,541,221	-	-	(8,541,221)	-	-	-	-
Operating Lease Assets	100,090	-	-	-	100,090	3,645	-	103,735
Investments	19,293,205	-	4,925,001	-	24,218,206	-	-	24,218,206
Investment in Perpetual Trusts	3,056,154	-	-	-	3,056,154	-	-	3,056,154
Investment in Affiliate	(4,013,913)	-	-	4,013,913	-	-	-	-
Total Other Assets	96,134,074	4,010,105	4,925,001	(77,873,923)	27,195,257	257,350	(74,512)	27,378,095
Total Assets	$ 371,143,048	$ (3,379,921)	$ 11,201,952	$ (77,962,638)	$ 301,002,441	$ 75,131,955	$ (74,512)	$ 376,059,884
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current Maturities of Long-Term Debt	$ 10,395,603	$ -	$ -	$ -	$ 10,395,603	$ 637,610	$ -	$ 11,033,213
Current Maturities of Finance Lease Liabilties	554,666	2,000	-	-	556,666	20,686	-	577,352
Current Portion of Operating Lease Liabilites	24,865	-	-	-	24,865	856	-	25,721
Accrued Interest	1,836,699	-	-	-	1,836,699	129,935	-	1,966,634
Other Current Liabilities	21,765,583	631,992	9,061	-	22,406,636	4,229,256	(74,512)	26,561,380
Total Current Liabilities	34,577,416	633,992	9,061	-	35,220,469	5,018,343	(74,512)	40,164,300
OTHER LIABILITIES								
Long-Term Debt, Less Current Maturities	211,392,317	-	-	-	211,392,317	66,149,311	-	277,541,628
Long-Term Finance Lease, Less Current Maturities	2,895,094	-	-	-	2,895,094	5,268,993	-	8,164,087
Long-Term Portion of Operating Lease Liability	76,094	-	-	-	76,094	2,789	-	78,883
Intercompany Payables	69,627,739	-	2,627,057	(73,346,615)	(1,091,819)	1,091,819	-	-
Funds Held for Others	-	-	8,541,221	(8,541,221)	-	-	-	-
Other Liabilities	10,246,290	-	24,613	-	10,270,903	215,642	-	10,486,545
Total Other Liabilities	294,237,534	-	11,192,891	(81,887,836)	223,542,589	72,728,554	-	296,271,143
Total Liabilities	328,814,950	633,992	11,201,952	(81,887,836)	258,763,058	77,746,897	(74,512)	336,435,443
NET ASSETS								
Net Assets Without Donor Restrictions	34,541,388	(4,013,913)	-	3,925,198	34,452,673	(5,221,796)	-	29,230,877
Net Assets With Donor Restrictions	7,786,710	-	-	-	7,786,710	2,606,854	-	10,393,564
Total Net Assets	42,328,098	(4,013,913)	-	3,925,198	42,239,383	(2,614,942)	-	39,624,441
Total Liabilities and Net Assets	$ 371,143,048	$ (3,379,921)	$ 11,201,952	$ (77,962,638)	$ 301,002,441	$ 75,131,955	$ (74,512)	$ 376,059,884

ECUMEN AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Combined Ecumen Operations Before Subsidized Housing	Ecumen Services	Eliminations	Ecumen Before Subsidized Housing	Subsidized Housing	Eliminations	Total Consolidated
REVENUE							
Resident Service Revenue	$ 190,555,902	-	$ -	$ 190,555,902	$ 9,074,863	$ -	$ 199,630,765
Other Operating Revenue	18,336,558	4,565,607	(10,300,418)	12,601,747	556,267	(819,271)	12,338,743
Total Revenue	208,892,460	4,565,607	(10,300,418)	203,157,649	9,631,130	(819,271)	211,969,508
OPERATING EXPENSE							
Operating Expense	191,362,511	3,168,642	(10,300,418)	184,230,735	8,431,829	(819,271)	191,843,293
Depreciation	12,981,177	141,589	-	13,122,766	3,340,207	-	16,462,973
Interest and Amortization	11,371,142	2,591	-	11,373,733	2,186,821	-	13,560,554
Total Operating Expense	215,714,830	3,312,822	(10,300,418)	208,727,234	13,958,857	(819,271)	221,866,820
OPERATING LOSS	(6,822,370)	1,252,785	-	(5,569,585)	(4,327,727)	-	(9,897,312)
OTHER INCOME AND EXPENSE							
Net Fundraising Income (Expense)	(1,015,654)	-	-	(1,015,654)	104,953	-	(910,701)
Investment Income	2,980,082	6,586	-	2,986,668	72,661	-	3,059,329
Other Income (Expense)	(2,430,827)	(1,481,506)	-	(3,912,333)	(75,960)	-	(3,988,293)
Change in Investment in Affiliate	(222,135)	-	222,135	-	-	-	-
Total Other Income and Expense	(688,534)	(1,474,920)	222,135	(1,941,319)	101,654	-	(1,839,665)
DEFICIT OF REVENUE OVER EXPENSE	(7,510,904)	(222,135)	222,135	(7,510,904)	(4,226,073)	-	(11,736,977)
Net Assets Released from Restrictions - Purchase of Property and Equipment	37,000	-	-	37,000	-	-	37,000
Equity Contribution	-	-	-	-	32,729	-	32,729
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (7,473,904)	$ (222,135)	$ 222,135	$ (7,473,904)	$ (4,193,344)	$ -	$ (11,667,248)

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET – NURSING HOMES AND HOUSING AND ALTERNATIVE CARE
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	CDL Homes, LLC	Lakeshore, Inc.	Crest at Lakeshore, LLC	Mankato Lutheran Homes, Inc.	North Branch Senior Living, LLC	Ecumen SBC Inc	EverCare Senior Living, LLC	Ecumen Obligated Group	Lakeview Commons Senior Living, LLC
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	$ 2,870,761	$ 6,387,148	$ 1,314,406	$ 9,194,275	$ (120,264)	$ 1,321,791	$ 4,618,359	$ 11,932,513	$ 126,749
Investments									
Current Portion of Assets Limited as to Use	954,252	74,484	381,290	113,532	356,738	330,492	502,214	197,830	309,150
Accounts Receivable	1,274,286	1,713,334	12,559	1,374,252	1,223,006	4,680,134	1,052,086	416,542	264,044
Allowance for Expected Credit Losses	(39,017)	(161,175)	-	(62,889)	(23,163)	(94,324)	(36,348)	(5,700)	(15,000)
Other Current Assets	55,075	6,089	57,929	44,505	55,821	79,452	15,933	36,811	12,857
Total Current Assets	5,115,357	8,019,880	1,766,184	10,663,675	1,492,138	6,317,545	6,152,244	12,577,996	697,800
ASSETS LIMITED AS TO USE	954,252	381,790	503,831	215,924	722,829	330,492	502,214	4,497,948	1,009,470
Less: Current Portion of Assets									
Limited as to Use	(954,252)	(74,484)	(381,290)	(113,532)	(356,738)	(330,492)	(502,214)	(197,830)	(309,150)
Noncurrent Assets Limited as to Use	-	307,306	122,541	102,392	366,091	-	-	4,300,118	700,320
RIGHT OF USE ASSET	181,007	168,211	-	112,148	15,457	1,654,123	184,932	316,347	25,990
PROPERTY AND EQUIPMENT, NET	17,885,775	8,286,660	9,630,565	20,765,190	9,108,858	49,162,213	12,149,029	11,728,725	4,546,992
GOODWILL, NET	-	-	-	-	-	-	-	-	-
OTHER ASSETS									
Intercompany Receivables	17,906,337	17,179,022	-	18,381,760	-	-	-	3,138,822	4,558,649
Receivable from Foundation	225,839	28,773	-	1,086,386	-	3,608,786	150	5,704	8,180
Operating Lease Assets	-	39,004	-	-	4,193	-	-	-	31,941
Investments	-	-	-	-	-	-	-	-	-
Investments in Perpetual Trusts	368,548	2,335,991	-	-	-	-	-	-	-
Investment in Affiliate	-	-	-	-	-	-	-	-	-
Total Other Assets	18,500,724	19,582,790	-	19,468,146	4,193	3,608,786	150	3,144,526	4,598,770
Total Assets	$ 41,682,863	$ 36,364,847	$ 11,519,290	$ 51,111,551	$ 10,986,737	$ 60,742,667	$ 18,486,355	$ 32,067,712	$ 10,569,872
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	$ 838,720	$ 664,657	$ 335,577	$ 978,517	$ 475,948	$ 3,700,000	$ 745,000	$ -	$ 300,000
Current Maturities of Finance Lease Liabilties	32,699	39,878	-	36,333	16,755	200,330	30,630	50,767	4,547
Current Portion of Operating Lease Liabilites	-	14,460	-	-	1,485	-	-	-	3,061
Accrued Interest	495,813	49,024	30,809	53,882	37,775	-	220,047	521,547	-
Other Current Liabilities	1,271,021	1,384,022	488,310	776,569	807,158	2,655,969	655,091	706,628	324,308
Total Current Liabilities	2,638,253	2,152,041	854,696	1,845,301	1,339,121	6,556,299	1,650,768	1,278,942	631,916
OTHER LIABILITIES									
Long-Term Debt, Less Current Maturities	22,944,086	10,705,481	14,294,272	19,625,227	12,730,343	4,182,907	12,231,693	24,719,145	4,533,608
Long-Term Finance Lease, Less Current Maturities	150,633	129,912	-	78,493	-	1,481,486	159,502	271,284	22,060
Long-Term Portion of Operating Lease Liability	-	24,544	-	-	2,864	-	-	-	29,594
Intercompany Payables	-	-	41,100	-	1,557,112	359,084	2,315,365	-	-
Other Liabilities	82,529	-	-	19,700	-	-	-	-	-
Total Other Liabilities	23,177,248	10,859,937	14,335,372	19,723,420	14,290,319	6,023,477	14,706,560	24,990,429	4,585,262
Total Liabilities	25,815,501	13,011,978	15,190,068	21,568,721	15,629,440	12,579,776	16,357,328	26,269,371	5,217,178
NET ASSETS									
Net Assets Without Donor Restrictions	15,272,975	20,988,105	(3,670,778)	29,275,817	(4,642,703)	44,554,105	2,128,877	5,792,637	5,344,514
Net Assets With Donor Restrictions	594,387	2,364,764	-	267,013	-	3,608,786	150	5,704	8,180
Total Net Assets	15,867,362	23,352,869	(3,670,778)	29,542,830	(4,642,703)	48,162,891	2,129,027	5,798,341	5,352,694
Total Liabilities and Net Assets	$ 41,682,863	$ 36,364,847	$ 11,519,290	$ 51,111,551	$ 10,986,737	$ 60,742,667	$ 18,486,355	$ 32,067,712	$ 10,569,872

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET – NURSING HOMES AND HOUSING AND ALTERNATIVE CARE
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Meadows of Worthington, LLC	Regent at Maplewood, LLC	Regent at Apple Valley, LLC	Ecumen Mill City Quarter, LLC	Ecumen Technology Services	Ecumen Parent	Operations Before Subsidized Housing
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	$ 3,008,967	$ (840,739)	$ 760,333	$ 13,249,018	$ (333,912)	$ (39,286,403)	$ 14,203,002
Investments						7,636,427	7,636,427
Current Portion of Assets Limited as to Use	72,033	659,463	485,978	1,556,285	-	650,727	6,644,468
Accounts Receivable	122,035	311,943	280,669	31,482	(13,545)	4,900,384	17,643,211
Allowance for Expected Credit Losses	-	(21,000)	(3,500)	-	-	(649,126)	(1,111,242)
Other Current Assets	13,457	64,119	96,581	12,149	-	433,402	984,180
Total Current Assets	3,216,492	173,786	1,620,061	14,848,934	(347,457)	(26,314,589)	46,000,046
ASSETS LIMITED AS TO USE	72,033	1,341,615	869,531	3,825,731	-	1,253,727	16,481,387
Less: Current Portion of Assets Limited as to Use	(72,033)	(659,463)	(485,978)	(1,556,285)	-	(650,727)	(6,644,468)
Noncurrent Assets Limited as to Use	-	682,152	383,553	2,269,446	-	603,000	9,836,919
RIGHT OF USE ASSET	66,279	97,266	158,283	47,405	-	359,673	3,387,121
PROPERTY AND EQUIPMENT, NET	5,569,511	17,056,631	15,559,438	26,651,143	-	6,212,431	214,313,161
GOODWILL, NET	-	-	-	-	-	1,471,727	1,471,727
OTHER ASSETS							
Intercompany Receivables	7,964,680	-	-	-	28,047	-	69,157,317
Receivable from Foundation	15,014	510	-	-	-	3,561,879	8,541,221
Operating Lease Assets	-	-	-	-	-	24,952	100,090
Investments	-	-	-	-	-	19,293,205	19,293,205
Investments in Perpetual Trusts	-	-	-	-	-	351,615	3,056,154
Investment in Affiliate	-	-	-	-	-	(4,013,913)	(4,013,913)
Total Other Assets	7,979,694	510	-	-	28,047	19,217,738	96,134,074
Total Assets	$ 16,831,976	$ 18,010,345	$ 17,721,335	$ 43,816,928	$ (319,410)	$ 1,549,980	$ 371,143,048
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	$ 603,413	$ 559,249	$ 586,647	$ 525,000	$ -	$ 82,875	$ 10,395,603
Current Maturities of Finance Lease Liabilties	18,909	16,801	28,550	6,721	-	71,746	554,666
Current Portion of Operating Lease Liabilites	-	-	-	-	-	5,859	24,865
Accrued Interest	-	89,355	58,673	253,303	-	26,471	1,836,699
Other Current Liabilities	248,932	425,951	477,251	1,391,416	-	10,152,957	21,765,583
Total Current Liabilities	871,254	1,091,356	1,151,121	2,176,440	-	10,339,908	34,577,416
OTHER LIABILITIES							
Long-Term Debt, Less Current Maturities	7,467,344	21,781,954	20,928,236	28,164,641	-	7,083,380	211,392,317
Long-Term Finance Lease, Less Current Maturities	48,510	81,496	132,899	42,914	-	295,905	2,895,094
Long-Term Portion of Operating Lease Liability	-	(1)	-	-	-	19,093	76,094
Intercompany Payables	-	3,177,431	3,349,378	414,620	-	58,413,649	69,627,739
Other Liabilities	-	-	-	9,885,000	-	259,061	10,246,290
Total Other Liabilities	7,515,854	25,040,880	24,410,513	38,507,175	-	66,071,088	294,237,534
Total Liabilities	8,387,108	26,132,236	25,561,634	40,683,615	-	76,410,996	328,814,950
NET ASSETS							
Net Assets Without Donor Restrictions	8,429,854	(8,122,401)	(7,840,299)	3,133,313	(319,410)	(75,783,218)	34,541,388
Net Assets With Donor Restrictions	15,014	510	-	-	-	922,202	7,786,710
Total Net Assets	8,444,868	(8,121,891)	(7,840,299)	3,133,313	(319,410)	(74,861,016)	42,328,098
Total Liabilities and Net Assets	$ 16,831,976	$ 18,010,345	$ 17,721,335	$ 43,816,928	$ (319,410)	$ 1,549,980	$ 371,143,048

ECUMEN AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS – NURSING HOMES AND HOUSING AND ALTERNATIVE CARE
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	CDL Homes, LLC	Lakeshore, Inc.	Crest at Lakeshore, LLC	Mankato Lutheran Homes, Inc.	North Branch Senior Living, LLC	Ecumen SBC Inc	EverCare Senior Living, LLC	Ecumen Obligated Group	Lakeview Commons Senior Living, LLC
REVENUE									
Resident Service Revenue	$ 13,798,513	$ 16,867,410	$ 3,699,490	$ 18,853,791	$ 11,884,655	$ 30,221,819	$ 12,816,516	$ 14,336,563	$ 6,005,312
Other Operating Revenue	875,931	247,132	340,965	1,430,621	535,074	2,891,315	77,408	289,594	150,953
Total Revenue	14,674,444	17,114,542	4,040,455	20,284,412	12,419,729	33,113,134	12,893,924	14,626,157	6,156,265
OPERATING EXPENSE									
Operating Expenses	13,004,582	15,633,417	1,423,748	16,385,379	10,948,446	31,630,350	12,650,259	10,350,225	5,486,965
Depreciation	1,818,209	730,624	672,516	1,274,108	776,348	1,579,202	890,470	900,232	430,376
Interest and Amortization	1,365,193	664,166	489,674	844,476	567,175	402,930	746,343	1,529,605	273,656
Total Operating Expense	16,187,984	17,028,207	2,585,938	18,503,963	12,291,969	33,612,482	14,287,072	12,780,062	6,190,997
OPERATING INCOME (LOSS)	(1,513,540)	86,335	1,454,517	1,780,449	127,760	(499,348)	(1,393,148)	1,846,095	(34,732)
OTHER INCOME AND EXPENSE									
Net Fundraising Income (Expense)	843,023	10,661	-	177,251	24,989	(29,620)	7,999	(1,240,708)	6,347
Investment Income (Loss)	38,204	95,861	3,587	72,525	4,381	120,997	163	144,334	3,774
Other Income (Expense)	(35,911)	(505,420)	(1,584,002)	(863)	-	554,357	45,310	(63,707)	(346,670)
Change in Investment in Affiliate	-	-	-	-	-	-	-	-	-
Total Other Income and Expense	845,316	(398,898)	(1,580,415)	248,913	29,370	645,734	53,472	(1,160,081)	(336,549)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	(668,224)	(312,563)	(125,898)	2,029,362	157,130	146,386	(1,339,676)	686,014	(371,281)
Transfer of Net Assets	1,600,000	300,000	(1,628,043)	-	-	-	4,100,000	(2,611,729)	-
Net Assets Released from Restrictions - Purchase of Property and Equipment	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 931,776	$ (12,563)	$ (1,753,941)	$ 2,029,362	$ 157,130	$ 146,386	$ 2,760,324	$ (1,925,715)	$ (371,281)

ECUMEN AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES – NURSING HOMES AND HOUSING AND ALTERNATIVE CARE (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Meadows of Worthington, LLC	Regent at Maplewood, LLC	Regent at Apple Valley, LLC	Ecumen Mill City Quarter, LLC	Ecumen Technology Services	Ecumen Parent	Combined Ecumen Operations Before Subsidized Housing
REVENUE							
Resident Service Revenue	$ 6,062,411	$ 7,963,321	$ 8,453,841	$ 5,679,229	$ -	$ 33,913,031	$ 190,555,902
Other Operating Revenue	122,129	140,558	176,560	240,729	-	10,817,589	18,336,558
Total Revenue	6,184,540	8,103,879	8,630,401	5,919,958	-	44,730,620	208,892,460
OPERATING EXPENSE							
Operating Expenses	3,994,463	6,756,837	6,732,001	4,464,756	-	51,901,083	191,362,511
Depreciation	607,113	845,017	792,103	1,133,936	-	530,923	12,981,177
Interest and Amortization	313,333	887,797	841,347	1,639,260	-	806,187	11,371,142
Total Operating Expense	4,914,909	8,489,651	8,365,451	7,237,952	-	53,238,193	215,714,830
OPERATING INCOME (LOSS)	1,269,631	(385,772)	264,950	(1,317,994)	-	(8,507,573)	(6,822,370)
OTHER INCOME AND EXPENSE							
Net Fundraising Income (Expense)	596	6,572	1,983	4,761	-	(829,508)	(1,015,654)
Investment Income (Loss)	434	2,237	2,444	34,349	-	2,456,792 -	2,980,082
Other Income (Expense)	44	(436,348)	903	19,235	(1,278)	(76,477)	(2,430,827)
Change in Investment in Affiliate	-	-	-	-	-	(222,135)	(222,135)
Total Other Income and Expense	1,074	(427,539)	5,330	58,345	(1,278)	1,328,672	(688,534)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	1,270,705	(813,311)	270,280	(1,259,649)	(1,278)	(7,178,901)	(7,510,904)
Transfer of Net Assets	-	-	(193,212)	2,800,000	-	(4,367,016)	-
Net Assets Released from Restrictions - Purchase of Property and Equipment	-	-	-	-	-	37,000	37,000
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 1,270,705	$ (813,311)	$ 77,068	$ 1,540,351	$ (1,278)	$ (11,508,917)	$ (7,473,904)