ECUMEN AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024

ECUMEN AND SUBSIDIARIES
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YEARS ENDED DECEMBER 31, 2025 AND 2024

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ecumen and Subsidiaries
Shoreview, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ecumen and Subsidiaries (the Organization), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the results of their operations and 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 8, 2026

ECUMEN AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS-UNRESTRICTED		
Cash and Cash Equivalents	$ 10,757,527	$ 10,824,282
Investments, Cash and Cash Equivalents	2,707,378	7,636,427
Accounts Receivable	17,756,480	19,868,160
Allowance for Expected Credit Losses	(1,098,358)	(1,536,242)
Other Current Assets	1,789,380	1,369,224
Total Current Assets-Unrestricted	31,912,407	38,161,851
CURRENT ASSETS-RESTRICTED		
Tax and Insurance Escrow Funds	1,607,390	1,987,905
Property Debt Payment Reserve Funds	1,729,561	1,680,586
Working Capital Funds	113,992	93,886
Resident Funds	17,440	21,402
Total Current Assets-Restricted	3,468,383	3,783,779
NONCURRENT ASSETS-UNRESTRICTED		
Investments	33,840,326	24,048,640
Investment in Perpetual Trusts	3,312,423	3,056,154
Operating Lease Assets	69,930	103,735
Right-of-Use Asset	7,690,172	8,411,263
Property and Equipment, Net	265,350,893	279,943,134
Goodwill, Net	1,296,863	1,471,727
Tax Credit Fees, Net	120,422	129,975
Total Noncurrent Assets-Unrestricted	311,681,029	317,164,628
NONCURRENT ASSETS-RESTRICTED		
Resident Deposits	2,886,720	3,233,426
Property Reserve Funds	7,581,207	9,206,413
Construction Funds	2,677,123	3,309,787
Workers Compensation Reserve	1,871,628	1,200,000
Total Noncurrent Assets-Restricted	15,016,678	16,949,626
Total Assets	$ 362,078,497	$ 376,059,884

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 3,949,424	$ 7,692,337
Accrued Payroll and Benefits	7,307,456	10,174,601
Other Current Liabilities	2,695,423	3,147,320
Current Maturities, Long-Term Debt	11,493,568	10,033,213
Current Maturities, Finance Lease Liabilities	494,724	577,352
Current Maturities, Operating Lease Liabilities	21,015	25,721
Accrued Interest	2,007,505	1,966,634
Total Current Liabilities	27,969,115	33,617,178
NONCURRENT LIABILITIES		
Noncurrent Maturities, Long-Term Debt	259,773,021	278,541,628
Noncurrent Maturities, Finance Lease Liabilities	7,603,813	8,164,087
Noncurrent Maturities, Operating Lease Liabilities	49,653	78,883
Other Long-Term Liabilities	13,319,617	16,033,667
Total Noncurrent Liabilities	280,746,104	302,818,265
Total Liabilities	308,715,219	336,435,443
NET ASSETS		
Net Assets Without Donor Restrictions	42,658,749	29,230,877
Net Assets With Donor Restrictions	10,704,529	10,393,564
Total Net Assets	53,363,278	39,624,441
Total Liabilities and Net Assets	$ 362,078,497	$ 376,059,884

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Operating Revenue:			
Resident Service Revenue			
Room and Board	$ 119,693,376	$ -	$ 119,693,376
Services Revenue	51,415,567	-	51,415,567
Ancillary Revenue	54,575,385	-	54,575,385
Contractual Adjustment	(16,661,625)	-	(16,661,625)
Total Resident Service Revenue	209,022,703	-	209,022,703
Other Revenue:			
Management and Consulting	1,020,998	-	1,020,998
Other Fees and Services	4,355,819	-	4,355,819
Total Other Operating Revenue	5,376,817	-	5,376,817
Support:			
Contributions	179,286	497,727	677,013
Grants	1,286,294	-	1,286,294
Total Support	1,465,580	497,727	1,963,307
Net Assets Released from Restrictions	125,783	(443,032)	(317,249)
Total Operating Revenue and Support	215,990,883	54,695	216,045,578
OPERATING EXPENSE			
Operating Expenses	194,648,897	-	194,648,897
Depreciation and Amortization	16,516,522	-	16,516,522
Interest	12,051,514	-	12,051,514
Total Operating Expense	223,216,933	-	223,216,933
Changes in Net Assets from Operations	(7,226,050)	54,695	(7,171,355)
NON-OPERATING ACTIVITY			
Investment Income	4,565,501	-	4,565,501
Change in Value of Perpetual Trusts		256,270	256,270
Gain/(Loss) on Disposal of Property	10,567,363	-	10,567,363
Gain/(Loss) on Other Non-Operating Activity	(1,275,671)	-	(1,275,671)
Total Non-Operating Activity	13,857,193	256,270	14,113,463
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	6,631,143	310,965	6,942,108
Equity Contribution - Without Donor Restrictions	6,479,480	-	6,479,480
Net Assets Released - Fixed Asset Purchase	317,249	-	317,249
CHANGE IN NET ASSETS	13,427,872	310,965	13,738,837
Net Assets - Beginning of Year	29,230,877	10,393,564	39,624,441
NET ASSETS - END OF YEAR	$ 42,658,749	$ 10,704,529	$ 53,363,278

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Operating Revenue:			
Resident Service Revenue			
Room and Board	$ 119,129,270	$ -	$ 119,129,270
Services Revenue	46,680,239	-	46,680,239
Ancillary Revenue	58,908,815	-	58,908,815
Contractual Adjustment	(25,087,559)	-	(25,087,559)
Total Resident Service Revenue	199,630,765	-	199,630,765
Other Revenue:			
Management and Consulting	4,262,290	-	4,262,290
Other Fees and Services	5,261,070	-	5,261,070
Total Other Operating Revenue	9,523,360	-	9,523,360
Support:			
Contributions	434,632	3,976,378	4,411,010
Grants	4,427,855	-	4,427,855
Total Support	4,862,487	3,976,378	8,838,865
Net Assets Released from Restrictions	389,970	(426,971)	(37,001)
Total Operating Revenue and Support	214,406,582	3,549,407	217,955,989
OPERATING EXPENSE			
Operating Expenses	194,240,549	-	194,240,549
Depreciation and Amortization	16,462,973	-	16,462,973
Interest	13,560,554	-	13,560,554
Total Operating Expense	224,264,076	-	224,264,076
Changes in Net Assets from Operations	(9,857,494)	3,549,407	(6,308,087)
NON-OPERATING ACTIVITY			
Investment Income	3,059,329	-	3,059,329
Change in Value of Perpetual Trusts	-	222,061	222,061
Gain/(Loss) on Disposal of Property	(269,233)	-	(269,233)
Gain/(Loss) on Other Non-Operating Activity	(4,669,579)	-	(4,669,579)
Total Non-Operating Activity	(1,879,483)	222,061	(1,657,422)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	(11,736,977)	3,771,468	(7,965,509)
Equity Contribution - Without Donor Restrictions	32,729	1,934,000	1,966,729
Net Assets Released - Fixed Asset Purchase	37,000	-	37,000
CHANGE IN NET ASSETS	(11,667,248)	5,705,468	(5,961,780)
Net Assets - Beginning of Year	40,898,125	4,688,096	45,586,221
NET ASSETS - END OF YEAR	$ 29,230,877	$ 10,393,564	$ 39,624,441

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program							
	Skilled Nursing	Market Rate Housing	Subsidized Housing	Community Based Services	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 37,931,732	$ 46,696,870	$ 2,306,805	$ 14,367,492	$ 101,302,899	$ 9,187,528	$ 880,224	$ 111,370,651
Employee Benefits and Payroll Taxes	8,178,324	9,868,070	572,733	3,943,185	22,562,312	2,520,440	238,251	25,321,003
Professional Fees	55,350	111,323	350,522	2,709	519,904	826,661	9,716	1,356,281
Resident Care	2,983,997	7,963,562	39,364	7,305,453	18,292,376	858,198	199	19,150,773
Purchased Services	420,848	502,618	193,241	123,683	1,240,390	310,559	31,427	1,582,376
Occupancy	2,834,008	13,532,998	3,769,554	124,678	20,261,238	177,263	-	20,438,501
Information Technology	873,651	1,291,036	95,932	540,173	2,800,792	173,302	31,717	3,005,811
Office Expenses	345,573	780,956	145,153	258,822	1,530,504	474,060	26,690	2,031,254
Minor Equipment and Rental	414,617	476,479	134,194	59,294	1,084,584	54,381	3,898	1,142,863
Interest	1,535,451	7,953,451	1,822,843	176,642	11,488,387	563,127	-	12,051,514
Depreciation and Amortization	2,338,538	10,714,093	3,201,701	39,401	16,293,733	222,789	-	16,516,522
Insurance	832,818	2,071,917	546,180	61,038	3,511,953	347,035	-	3,858,988
Credit Loss Expense	196,658	211,050	110,206	67,816	585,730	-	-	585,730
Advertising and Marketing	-	1,145	10,694	-	11,839	1,347,788	3,155	1,362,782
Travel	69,185	57,021	7,718	1,032,388	1,166,312	167,423	3,474	1,337,209
All Other Expenses	1,180,383	291,296	333,785	17,314	1,822,778	266,551	15,346	2,104,675
Total Expenses	$ 60,191,133	$ 102,523,885	$ 13,640,625	$ 28,120,088	$ 204,475,731	$ 17,497,105	$ 1,244,097	$ 223,216,933

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program							
	Skilled Nursing	Market Rate Housing	Subsidized Housing	Community Based Services	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 40,260,224	$ 44,202,092	$ 3,091,663	$ 14,753,431	$ 102,307,410	$ 8,733,953	$ 821,957	$ 111,863,320
Employee Benefits and Payroll Taxes	7,624,222	8,676,188	757,109	3,726,517	20,784,036	2,191,220	216,955	23,192,211
Professional Fees	52,890	189,722	223,743	119,117	585,472	1,354,294	38,355	1,978,121
Resident Care	3,459,836	7,598,459	59,191	8,136,592	19,254,078	878,098	2,309	20,134,485
Purchased Services	460,527	556,639	236,231	89,727	1,343,124	1,055,927	37,005	2,436,056
Occupancy	2,471,290	12,277,777	3,871,749	149,934	18,770,750	130,612	-	18,901,362
Information Technology	932,878	1,176,530	84,859	538,171	2,732,438	235,336	29,442	2,997,216
Office Expenses	413,512	861,759	117,250	296,470	1,688,991	592,912	20,414	2,302,317
Minor Equipment and Rental	384,117	468,904	90,526	95,819	1,039,366	117,089	3,677	1,160,132
Interest	1,538,564	9,602,007	1,923,625	2,314	13,066,510	494,044	-	13,560,554
Depreciation and Amortization	2,569,147	9,839,705	3,569,080	235,304	16,213,236	249,737	-	16,462,973
Insurance	750,693	2,156,632	407,035	66,730	3,381,090	315,038	-	3,696,128
Credit Loss Expense	332,273	217,357	16,458	537,302	1,103,390	(13,579)	-	1,089,811
Advertising and Marketing	1,190	4,394	3,103	-	8,687	877,422	8,710	894,819
Travel	51,080	81,272	28,855	754,645	915,852	192,872	5,860	1,114,584
All Other Expenses	1,428,264	277,802	118,259	27,546	1,851,871	614,792	13,324	2,479,987
Total Expenses	$ 62,730,707	$ 98,187,239	$ 14,598,736	$ 29,529,619	$ 205,046,301	$ 18,019,767	$ 1,198,008	$ 224,264,076

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	$ 13,738,837	$ (5,961,780)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	15,838,020	16,462,973
Amortization	678,502	1,133,802
Environmental Expense	6,747	15,843
Loss (Gain) on disposal and Acquisition of Property	(10,567,363)	269,233
Actuarial Adjustment for Gift Annuities	36,678	31,792
Provision for Bad Debts	(437,884)	529,904
Net Unrealized (Gain) Loss on Investments	(2,367,588)	2,288,157
Contributions and Investment Income received Restricted for Long-Term Investment	(6,308,133)	(3,976,378)
Change in Current Assets and Liabilities		
Accounts and Notes Receivable	2,111,680	(3,049,526)
Other Current Assets	(797,059)	8,557,674
Other Current Liabilities	(7,462,002)	2,255,676
Net Cash Provided by Operating Activities	4,470,435	18,557,370
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(6,180,120)	(10,177,696)
Purchase of Investment, including interest reinvested	(7,470,330)	(4,904,917)
Proceeds from Sale of HUD Properties	7,036,848	-
Proceeds from Sale of Investments	46,232	405,785
Net Cash Used by Investing Activities	(6,567,370)	(14,676,828)
Cash Flows from Financing Activities		
Proceeds from issuance of Long-Term Debt	-	1,300,000
Principal Payments of Long-Term debt	(11,997,171)	(8,849,188)
Finance Lease Payments	(82,628)	(116,441)
Payment of Financing Costs	-	(1,066,684)
Payments to Annuitants	(47,175)	(41,300)
Contributions and Investment Income Received Restricted for Long-Term Investment	6,308,133	3,976,378
Net Cash Used by Financing Activities	(5,818,841)	(4,797,235)
Increase (Decrease) in Cash and Cash Equivalents	(7,915,776)	(916,693)
Cash and Equivalents-Beginning of Year	37,994,114	38,910,807
Cash and Cash Equivalents-End of Year	$ 30,078,338	$ 37,994,114

See accompanying Notes to Consolidated Financial Statements.

ECUMEN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH PER THE CONSOLIDATED BALANCE SHEETS		
Cash and Cash Equivalents	$ 10,757,527	$ 10,824,282
Restricted Assets - Invested in Cash and Cash Equivalents	16,613,433	19,533,405
Investments - Invested in Cash and Cash Equivalents	2,707,378	7,636,427
Total Cash, Cash Equivalents, and Restricted Cash	$ 30,078,338	$ 37,994,114
Supplemental Disclosure of Cash Flow Information		
Cash Payment for Interest	$ 9,622,081	$ 9,252,538
Supplementary Schedule of Noncash Activity		
Zvago Long Lake Desconsolidation		
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 Current Assets Tranfserrred	-	45,985
Net Gain on Deconsolidation	$ -	$ (1,652,065)
Supplementary Schedule of Noncash Investing and Financing Activitites		
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 Sold (Acquired)	$ 2,436,379	$ (3,298,418)
Debt Assumed (Paid or Transferred)	(7,114,658)	5,465,983
Net Working Capital	709,732	(689,978)
Gain (Loss) on Acquisition	11,005,395	(1,477,587)
Net Cash Acquired (Paid)	$ 7,036,848	$ -
Construction in Progress Included in Accounts Payable	$ 272,927	$ 2,314,342

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, 2025, Ecumen and its affiliates owned 44 total sites including 13 affordable housing communities, six Skilled Nursing Homes and 27 Market Rate Housing sites. In addition, Ecumen operates five hospice branches and three 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, 2025,or December 31, 2024.

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, 2025 and 2024, there were $10.7 and $10.4 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 for nursing facility room and board through September 30, 2025, Medicaid and private paying residents are classified into one of 48 Resource Utilization Groups (RUG).

The 2025 Minnesota State Legislature passed legislation adopting the Patient Driven Payment Model (PDPM) developed by CMS using the MDS 3.0 information already transmitted to CMS by Medicare and/or Medicaid certified nursing homes. As of October 1, 2025, Medicaid and private pay residents are classified into one of 25 PDPM nursing groups.

Effective January 1, 2016, nursing facilities are paid under the Value-Based Nursing Facility Reimbursement System (VBR) as approved during the 2015 Minnesota State Legislative Session. Under the VBR system, care-related costs will be reimbursed at actual cost subject to certain limitations. Other operating costs will be reimbursed using a pricing model, which results in the rates of these costs being the same for all nursing facilities in the state. Other costs, such as qualifying employer health insurance, will be reimbursed at an external fixed payment rate and will be cost-based with no limitations.

The change to the VBR system also includes a hold harmless provision that protects nursing home facilities from being paid at rates lower than those in effect on December 31, 2015. Nursing facilities will also be protected from significant decreases in rates in a single year related to care-related costs.

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.

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

Resident Service Revenue (Continued)

Medicaid (Continued)

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).

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 2025 and 2024.

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, 2025 and 2024. 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:

	2025	2024
Medicaid	$ 47,568,677	$ 46,220,160
Medicare	36,767,068	35,499,429
Private Pay	99,051,130	93,167,982
Commercial Insurers	15,756,567	14,996,569
US Department of Housing and Urban Development	3,844,219	3,569,233
US Department of Veterans Affairs	2,677,619	2,296,148
Other	3,357,423	3,881,244
Total	$ 209,022,703	$ 199,630,765

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

Resident Service Revenue (Continued)

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

	2025	2024
Nursing Homes	$ 53,907,998	$ 55,155,101
Market Rate Housing	114,634,054	107,119,953
Subsidized Housing	9,943,920	9,074,863
Community Based Services	30,536,731	28,280,848
Total Resident Service Revenue	$ 209,022,703	$ 199,630,765

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, 2024	$ 15,889,069
Balance as of December 31, 2024	18,331,918
Balance as of December 31, 2025	16,658,122

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

Occupancy Percentages

For the years ended December 31, 2025 and 2024, occupancy percentages were as follows:

	December 31, 2025		December 31, 2024	
	Units	Occupancy	Units	Occupancy
Skilled Nursing	355	77.1%	379	75.8%
Market Rate Housing	2,119	90.6%	2,131	87.0%
Subsidized Housing	688	94.7%	934	92.8%
Total	3,162		3,444	

For the years ended December 31, 2025 and 2024, the percentage of resident days covered under the Medicaid program at the Organization's skilled nursing communities was 21.5% and 23.7%, respectively.

For the years ended December 31, 2025 and 2024, the percentage of resident days covered under the Medicare program at the Organization's skilled nursing communities was 31.4% and 31.0%, respectively.

Excess (Deficit) of Revenue over Expense

The consolidated statements of operations changes in net assets include a line entitled the "excess (deficit) of revenue over expense" which is the performance indicator for the Organization. Changes in net assets without donor restrictions, which are excluded from excess (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 receivables are presented net of an allowance for expected credit losses of approximately $1.1 million and $1.5 million on December 31, 2025 and 2024, respectively.

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

Accounts Receivable (Continued)

Changes in the allowance for expected credit losses for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Allowance for Expected Credit Losses		
Balance, Beginning of Year	$ 1,536,242	$ 1,006,338
Provision for Expected Credit Losses	585,730	1,089,811
Accounts Written Off as Uncollectible	(1,023,614)	(559,907)
Balance, End of Year	$ 1,098,358	$ 1,536,242

Restricted Assets

Restricted Assets include resident funds and deposits held in trust, assets held by trustees under bond and mortgage indenture agreements, assets held under HUD mortgage agreements, and assets reserved for workers' compensation claims. Assets-Restricted 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 $5,000 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 $0.0 million have been capitalized as a component of property cost for the years ended December 31, 2025 and 2024, 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 excess (deficit) of revenue over expense performance indicator.

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

Investments (Continued)

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.

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.

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

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 $10 million and $9.9 million at December 31, 2025 and 2024, respectively, and are included in other long-term liabilities.

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, 2025 and 2024. The current portion of gift annuities payable as of December 31, 2025 and 2024 was approximately $45,000 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.

Functional Classification of Expenses

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.

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.

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

Contributed Services and In-Kind Contributions

The Organizations receive 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.

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, 2024 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.

As of December 31, 2025, the Organization was in compliance with bond covenants as they relate to accounting matters under various financing agreements, more fully described in Note 7.

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

	2025	2024
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 10,757,527	$ 10,824,282
Accounts Receivable	16,658,122	18,331,918
Current Assets Restricted:		
Tax and Insurance Escrow Funds	1,607,390	1,987,905
Property and Debt Payment Reserve Funds	1,729,561	1,680,586
Working Capital Funds	113,992	93,886
Resident Funds	17,440	21,402
Letter of Credit Collateral Investment		
Investments	33,292,228	28,619,129
Total Financial Assets	$ 64,176,260	$ 61,559,108

The Organization has restricted assets 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 restricted assets, 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 RESTRICTED ASSETS

The Organization is required to hold funds in various accounts that are restricted in use based upon funder requirements including bond issuers, HUD, and insurance providers. Bond funds include terms in the indenture of trust of the various bond issuances for reserve accounts. The organizations operating under HUD are required to deposit funds into the required escrow, reserve for replacement, and residual receipt accounts. Workers Compensation provider includes a deposit reserve for the self-funded insurance plan. Restricted Assets are available for obligations classified as current liabilities are reported in current assets.

The Organization was required to maintain the following accounts:

Tax and Insurance Escrows

Tax and insurance escrows are maintained in separate bank accounts in accordance with HUD regulatory and loan agreements for payment of real estate taxes and insurance.

Property Debt Payment Reserve Funds

Property Debt Payment Reserve Funds are maintained in separate bank accounts to deposit monthly amounts necessary to pay semi-annual principal and interest on the bonds.

Workers' Compensation Reserve Funds

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

Working Capital Funds

Working capital funds have been established to provide funds held in a separate bank account for operations during the startup operations financed through a bond issuance.

Resident Funds

The organization holds various resident deposits and funds in separate interest-bearing accounts. Included in these amounts are advances received by residents to be used at each resident's discretion.

Resident Deposits and Funds

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. The entrance fee deposit amounts vary depending on the unit being rented and are 100% refundable upon re-occupancy of the vacated unit

NOTE 3 RESTRICTED ASSETS (CONTINUED)

Property Reserve Funds

Various reserve funds have been established under subsidized housing mortgage loan agreements. The are funds maintained in separate bank accounts accordance with regulatory and loan agreements for payment of 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. Bond repair and replacement funds have been established to provide for repair and replacement of property funded by revenue bonds. 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.

Construction Funds

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

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

Restricted Assets are invested in the following at December 31:

	2025	2024
Cash and Cash Equivalents	$ 16,613,433	$ 19,533,405
Fixed Income	1,871,628	1,200,000
Total Assets Limited as to Use	$ 18,485,061	$ 20,733,405

Restricted Assets are included as follows on the consolidated balance sheets at December 31:

	2025	2024
Current Assets - Restricted		
Tax and Insurance Escrow	$ 1,607,390	$ 1,987,905
Property Debt Payment Reservice Funds	1,729,561	1,680,586
Working Capital Funds	113,992	93,886
Resident Funds	17,440	21,402
Total Current Assets - Restricted	3,468,383	3,783,779
Non-Current Assets - Restricted		
Resident Deposits	2,886,720	3,233,426
Property Reserve Funds	7,581,207	9,206,413
Construction Funds	2,677,123	3,309,787
Workers Compensation Reserve	1,871,628	1,200,000
Total Non-Current Assets - Restricted	15,016,678	16,949,626
Total Assets - Restricted	$ 18,485,061	$ 20,733,405

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:

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	$ 2,707,378	$ 2,707,378	$ 7,636,427	$ 7,636,427
Fixed Income	9,995,645	12,058,049	6,755,192	7,189,912
Equity Securities	22,241,451	18,837,417	11,685,625	10,280,822
Mutual Funds	1,603,230	1,511,442	5,607,823	5,781,554
Total	$ 36,547,704	$ 35,114,286	$ 31,685,067	$ 30,888,715

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 $1.4 million and $0.8 million at December 31, 2025 and 2024, respectively.

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

	2025	2024
Interest and Dividend Income	$ 1,438,517	$ 1,425,604
Net Realized Gain (Loss) on Investments	759,396	3,921,882
Unrealized Gain (Loss) on Investments	2,367,588	(2,288,157)
Total Investment Income	$ 4,565,501	$ 3,059,329

NOTE 5 PROPERTY ACQUISTIONS, SALES, AND TRANSFERS

The following property acquisitions occurred during the year ended December 31, 2024. 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.

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 5 PROPERTY ACQUISTIONS, SALES, AND TRANSFERS (CONTINUED)

The following property sales and transfers occurred during the year ended December 31, 2025. Effective December 1, 2025 Ecumen sold two HUD properties including Bethel Manor II, Inc. and Parmly Lakeview Apartments. Effective December 1, 2025 Ecumen transferred three HUD properties including Bethel Manor, Inc., Hubbard County Senior Housing, and Alexandria Senior Housing. The effect of these sales and transfers on the consolidated financial statements are as follows:

	2025
Statement of Changes In Net Assets	
Property Sales Proceeds	$ 10,878,000
Fixed Assets Sold or Transferred	(2,436,379)
Debt Transferred	4,094,902
Property Sales Closing Cost	(742,813)
Operating Balances Closed Out	(788,315)
Net Gain on Sales and Transfers	$ 11,005,395
Balance Sheet Changes	
Change in Assets	
Increase to Cash	$ 7,036,848
Decrease to Fixed Asset Sold (Net)	(2,436,379)
Decrease to Other Assets	(788,314)
Total Change in Assets	$ 3,812,155
Change in Liabilities	
Decrease to Debt Paid and Transferred	$ (7,114,658)
Decrease to Security Deposit Liability	(81,028)
Total Change in Liabilities	(7,195,686)
Change in Net Assets	
Increase to Net Assets from Gain on Sale and Transfer of Property	11,005,395
Decrease in Property Tax Expense	2,446
Total Change in Net Assets	11,007,841
Total Change in Liabilities and Net Assets	$ 3,812,155
Remaining Net Assets After Property Sales	$ (4,297,843)
Net Gain on Sales and Transfers	11,005,395
Net Assets Transferred to Ecumen from Sale	$ 6,707,552

NOTE 6 PROPERTY AND EQUIPMENT

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

	2025	2024
Land and Improvements	$ 28,981,149	$ 29,945,710
Buildings and Improvements	419,012,003	433,283,653
Furniture and Equipment	27,795,283	30,801,856
Construction in Progress	1,616,634	778,902
Total	477,405,069	494,810,121
Less: Accumulated Depreciation	(212,054,176)	(214,866,987)
Total Property and Equipment	$ 265,350,893	$ 279,943,134

Depreciation expense for the years ended December 31,2025 and 2024 was $15.8 million and $16.6 million, respectively.

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 7 LONG-TERM DEBT

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

Description	2025	2024
Fixed Rate Debt (1)	$ 96,450,000	$ 98,830,000
Fixed Rate HUD Debt (2)	64,780,626	66,317,725
Private Placement Reset Debt (3)	80,708,913	89,066,466
Variable Rate Debt (4)	14,533,233	11,441,994
Subsidized HUD Debt (5)	1,736,154	4,935,804
Flexible Subsidy Assistance Loan (6)	992,182	1,031,129
HUD Capital Advances (7)	11,214,138	15,309,040
Private (8)	5,800,000	6,900,000
Total Long-Term Debt	276,215,246	293,832,158
Less: Current Maturities	11,493,568	10,033,213
Less: Unamortized Bond (Premium) Discount	(33,924)	(30,648)
Less: Unamortized Financing Costs	4,982,581	5,287,965
Total Long-Term Portion	$ 259,773,021	$ 278,541,628

NOTE 7 LONG-TERM DEBT (CONTINUED)

(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.

(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, 2025, ranged from 2.6% - 7.5%. Included in the variable rate debt are $4.7 million and $5.0 million of bonds at December 31, 2025, and 2024, respectively. Also included in variable rate debt are $9.8 million and $6.4 million of a revolving line of credit at December 31, 2025 and 2024, 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.

(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 incurred included $4.5 million for the acquisition of St. Benedict’s Community (SBC) and $1.3 million for the Twin Cities Hospice Hennepin Healthcare acquisition.

NOTE 7 LONG-TERM DEBT (CONTINUED)

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.

Interest expense during the years ended December 31, 2025 and 2024 was $10.4 million and $12.3 million respectively.

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

Year Ending December 31,	Amount
2026	$ 11,493,568
2027	9,457,636
2028	8,708,360
2029	9,031,279
2030	9,376,571
Thereafter	228,147,832
Total	$ 276,215,246

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, 2025 and 2024 were $5.0 million and $5.3 million, respectively. Amortization expense for the years ended December 31, 2025 and 2024 was $0.5 million and $0.5 million, respectively.

NOTE 8 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.

NOTE 8 LEASES (CONTINUED)

Lease assets and liabilities are as follows:

	2025	2024
Assets:		
Operating Lease Assets:	$ 69,930	$ 103,735
Finance Lease Assets		
Property and Equipment, Net [1]	7,690,172	8,411,263
Total Assets	$ 7,760,102	$ 8,514,998
Liabilities:		
Current:		
Operating Leases	$ 21,015	$ 25,721
Finance Leases	494,724	577,352
Non-Current:		
Operating Leases	49,653	78,883
Finance Leases	7,603,813	8,164,087
Total Liabilities	$ 8,169,205	$ 8,846,043

The Organization’s lease costs under ACS 842 for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Operating Lease Cost	$ 23,313	$ 63,791
Finance Lease Cost:		
Amortization of Lease Assets	568,865	639,265
Interest on Lease Liabilities	124,830	145,146
Variable Lease Cost	-	78,134
Short-Term Lease Cost	-	-
Total Lease Cost	$ 717,008	$ 926,336

NOTE 8 LEASES (CONTINUED)

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

Maturity Schedule	Operating Leases	Finacing Leases
2026	$ 23,438	$ 724,946
2027	20,559	776,642
2028	11,493	774,151
2029	4,464	711,368
2030	4,464	617,960
Thereafter	13,395	16,913,732
Total Undiscounted Lease Liabilities	77,813	20,518,799
Less: Interest [(1)]	(7,145)	(12,420,262)
Present Value of Lease Liabilities	70,668	8,098,537
Less: Current Lease Liabilities	(21,015)	(494,724)
Long-Term Lease Liabilities	$ 49,653	$ 7,603,813

(1) Calculated using the interest rate for each lease

The following tables provide other information required by ASC 842:

	2025	2024
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 23,427	$ 63,701
Operating Cash Flows from Finance Leases	$ 124,352	$ 144,536
Financing Cash Flows from Finance Leases	$ 531,937	$ 593,719
Leased Assets Obtained in Exchange for New Finance Lease Liabilities	$ 938	$ 2,029,770
Leased Assets Obtained in Exchange for New Operating Lease Liabilities	$ 503,501	$ 64,218
Weighted-Average Remaining Lease Term -		
Operating Leases	4.81 Years	5.11 Years
Finance Leases	5.82 Years	6.58 Years
Weighted-Average Discount Rate -		
Operating Leases	4.12%	4.12%
Finance Leases	3.74%	4.12%

NOTE 9 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, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Fixed Income	$ -	$ 9,995,645	$ -	$ 9,995,645
Equity Securities	22,241,451	-	-	22,241,451
Mutual Funds	-	1,603,230	-	1,603,230
Restricted Assets:				
Fixed Income	-	1,871,628	-	1,871,628
Perpetual Trusts	-	-	3,312,423	3,312,423
Total Assets	$ 22,241,451	$ 13,470,503	$ 3,312,423	$ 39,024,377

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Fixed Income	$ -	$ 6,755,192	$ -	$ 6,755,192
Equity Securities	11,685,625	-	-	11,685,625
Mutual Funds	-	5,607,823	-	5,607,823
Restricted Assets:				-
Fixed Income	-	1,200,000	-	1,200,000
Perpetual Trusts	-	-	3,056,154	3,056,154
Total Assets	$ 11,685,625	$ 13,563,015	$ 3,056,154	$ 28,304,794

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, 2025 and 2024:

	Beneficial Interest-Perpetual Trusts
Balance at January 1, 2025	$ 3,056,154
Total Gains (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	109,907
Unrealized Gain	328,804
Purchases, Sales, Issuances, and Settlements, Net	(182,442)
Balance at December 31, 2025	$ 3,312,423
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

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

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 10 CLASSIFICATION OF NET ASSETS

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

	2025	2024
HUD Capital Grants	$ 2,550,037	$ 2,606,854
Capital Projects and Renovations	658,331	823,477
Residence Care and Other Services	3,478,300	3,201,641
Perpetual Trusts	3,312,423	3,056,154
Perpetual Endowment Funds Required to be Retained	705,438	705,438
Total	$ 10,704,529	$ 10,393,564

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 $.1 million and $.4 million were released from restrictions for operating purposes for years ended December 31, 2025 and 2024, respectively. Net assets of $.3 million and $.04 million were released for the purchase of property and equipment for the years ended December 31, 2025 and 2024, 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.

NOTE 10 CLASSIFICATION OF NET ASSETS (CONTINUED)

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 accounting principles generally accepted in the United States of America (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.

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

NOTE 10 CLASSIFICATION OF NET ASSETS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, January 1, 2025	$ 520,827	$ 705,438	$ 1,226,265
Investment Return:			
Investment Income	-	53,223	53,223
Net Appreciation (Realized and Unrealized)	86,371	33,148	119,519
Total Investment Return	86,371	86,371	172,742
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	(86,371)	(86,371)
Endowment Net Assets, December 31, 2025	$ 607,198	$ 705,438	$ 1,312,636

	2024		
	Without Donor Restrictions	With Donor Restrictions	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

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, 2025 or 2024.

NOTE 10 CLASSIFICATION OF NET ASSETS (CONTINUED)

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 11 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 $3.3 million and $3.0 million for the years ended December 31, 2025 and 2024, respectively. Benefits payable upon retirement are determined by the amount contributed by the employee and by the Organization on the employee's behalf.

NOTE 12 MANAGEMENT FEES FROM UNRELATED PARTIES

The Organization managed a number of unrelated third-party-owned projects that are not included in the accompanying consolidated financial statements. The organization ended management of these sites in June 2024. The Organization had entered into management agreements with the owners of these projects and recognized management fee revenue of $0 and $.2 million for the years ended December 31, 2025 and 2024, respectively, from these agreements.

NOTE 13 INSURANCE AND EMPLOYEE BENEFITS

Workers' Compensation Insurance

The Organization has a self-insured workers compensation policy. A $1.9 million escrow account provides collateral funding for the workers' compensation program. The Organization has estimated reserves and recorded liabilities for outstanding claims of approximately $.3 million and $.6 million, respectively as of December 31, 2025 and 2024, which is included in Accrued Payroll and Benefits 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 and $11.5 million or monthly aggregate total per the agreement of aggregate total claims. Claims in excess of claims in excess of these amounts will be funded by the stop-loss carrier. A liability of approximately $1.3 million and $1.2 million was recorded in Accrued Payroll and Benefits on the consolidated balance sheets at December 31, 2025 and 2024, respectively, related to claims incurred but not reported.

NOTE 14 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.

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.

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, the disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

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 15 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated balance sheet 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 balance sheet, 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 balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements are issued.

The Organization evaluated all events or transactions that occurred after December 31, 2025, through June 8, 2026, the date the consolidated financial statements were issued.

ECUMEN AND SUBSIDIARIES
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	Nursing Homes and Market Rate Housing						
	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
ASSETS							
CURRENT ASSETS-UNRESTRICTED							
Cash and Cash Equivalents	$ 2,620,278	$ 7,383,072	$ 1,260,032	$ 12,105,522	$ 193,421	$ 2,237,673	$ 5,903,509
Investments, Cash, and Cash Equivalents	-	-	-	-	-	-	-
Accounts Receivable	1,179,777	1,745,256	4,845	1,339,155	1,400,947	4,073,372	1,000,842
Allowance for Expected Credit Losses	(45,089)	(123,000)	-	(67,760)	(76,780)	(94,324)	(27,045)
Intercompany Receivables	18,196,553	15,134,697	-	17,166,249	-	191,641	-
Receivable from Foundation	295,988	39,546	-	1,118,589	3,816	3,306,514	2,211
Other Current Assets	51,106	279,540	57,572	53,223	103,017	106,049	28,814
Total Current Assets-Unrestricted	22,298,613	24,459,111	1,322,449	31,714,978	1,624,421	9,820,925	6,908,331
CURRENT ASSETS-RESTRICTED							
Tax and Insurance Escrow Funds	-	-	235,263	-	224,309	-	-
Property Debt Payment Reserve Funds	794,196	-	-	-	-	-	463,366
Working Capital Funds	-	-	-	-	-	-	-
Resident Funds	12,443	-	-	511	4,388	98	-
Total Current Assets-Restricted	806,639	-	235,263	511	228,697	98	463,366
NON-CURRENT ASSETS-UNRESTRICTED							
Investments	-	-	-	-	-	-	-
Investment in Perpetual Trusts	394,380	2,533,005	-	-	-	-	-
Operating Lease Assets	-	24,649	-	-	2,724	-	-
Right-of-Use Asset	104,215	56,643	-	135,310	92,127	1,464,588	121,771
Property and Equipment, Net	16,324,542	7,618,846	8,979,086	19,539,640	8,455,540	47,937,948	11,498,646
Goodwill, Net	-	-	-	-	-	-	-
Investment in Affiliate	-	-	-	-	-	-	-
Tax Credit Fees, Net	-	-	-	-	-	-	-
Total Non-Current Assets-Unrestricted	16,823,137	10,233,143	8,979,086	19,674,950	8,550,391	49,402,536	11,620,417
NON-CURRENT ASSETS-RESTRICTED							
Resident Deposits	137,884	74,522	126,161	109,411	59,087	336,427	20,569
Property Reserve Funds	-	309,273	152,292	103,047	434,436	-	-
Construction Funds	-	-	-	-	-	-	-
Workers Compensation Reserve, Long-Term	-	-	-	-	-	-	-
Total Non-Current Assets-Restricted	137,884	383,795	278,453	212,458	493,523	336,427	20,569
Total Assets	$ 40,066,273	$ 35,076,049	$ 10,815,251	$ 51,602,897	$ 10,897,032	$ 59,559,986	$ 19,012,683

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
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	Nursing Homes and Market Rate Housing						
ASSETS	Ecumen Obligated Group	Lakeview Commons Senior Living, LLC	Meadows of Worthington, LLC	Regent at Maplewood, LLC	Regent at Apple Valley, LLC	Ecumen Mill City Quarter, LLC	Ecumen Market Rate Housing
CURRENT ASSETS-UNRESTRICTED							
Cash and Cash Equivalents	$ 16,329,290	$ 1,238,961	$ 4,899,354	$ 143,900	$ 607,400	$ 13,341,048	$ 2,358,883
Investments, Cash, and Cash Equivalents	-	-	-	-	-	-	-
Accounts Receivable	287,768	210,061	16,348	290,649	253,429	35,889	279,340
Allowance for Expected Credit Losses	(93)	(10,000)	-	(5,000)	(3,500)	-	(2,500)
Intercompany Receivables	1,914,485	4,155,373	7,534,066	-	-	-	-
Receivable from Foundation	18,311	13,259	55,999	8,652	8,207	3,120	7,388
Other Current Assets	64,109	19,840	27,065	78,398	102,883	19,194	22,848
Total Current Assets-Unrestricted	18,613,870	5,627,494	12,532,832	516,599	968,419	13,399,251	2,665,959
CURRENT ASSETS-RESTRICTED							
Tax and Insurance Escrow Funds	-	100,213	-	359,227	338,872	-	-
Property Debt Payment Reserve Funds	54,037	74,202	-	-	-	343,525	-
Working Capital Funds	-	113,965	-	-	-	27	-
Resident Funds	-	-	-	-	-	-	-
Total Current Assets-Restricted	54,037	288,380	-	359,227	338,872	343,552	-
NON-CURRENT ASSETS-UNRESTRICTED							
Investments	-	-	-	-	-	-	-
Investment in Perpetual Trusts	-	-	-	-	-	-	385,038
Operating Lease Assets	-	29,848	-	-	-	-	-
Right-of-Use Asset	211,125	21,233	81,158	52,342	127,646	40,287	131,016
Property and Equipment, Net	11,335,290	4,175,520	5,070,013	16,307,146	14,878,383	25,567,402	2,141,292
Goodwill, Net	-	-	-	-	-	-	-
Investment in Affiliate	-	-	-	-	-	-	-
Tax Credit Fees, Net	-	-	-	-	-	-	-
Total Non-Current Assets-Unrestricted	11,546,415	4,226,601	5,151,171	16,359,488	15,006,029	25,607,689	2,657,346
NON-CURRENT ASSETS-RESTRICTED							
Resident Deposits	159,988	50,517	67,063	99,532	91,943	1,028,719	44,556
Property Reserve Funds	975,121	393,606	-	765,158	213,617	2,304,108	-
Construction Funds	2,677,123	-	-	-	-	-	-
Workers Compensation Reserve, Long-Term	-	-	-	-	-	-	-
Total Non-Current Assets-Restricted	3,812,232	444,123	67,063	864,690	305,560	3,332,827	44,556
Total Assets	$ 34,026,554	$ 10,586,598	$ 17,751,066	$ 18,100,004	$ 16,618,880	$ 42,683,319	$ 5,367,861

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CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Subsized Housing	Home & Community Based Services	Management, Fundraising, and Consulting	Eliminations	Total Consolidated
CURRENT ASSETS-UNRESTRICTED					
Cash and Cash Equivalents	$ 359,002	$ 30,340,155	$ (90,563,973)	$ -	$ 10,757,527
Investments, Cash, and Cash Equivalents	-	-	2,707,378	-	2,707,378
Accounts Receivable	245,803	4,810,729	582,270	-	17,756,480
Allowance for Expected Credit Losses	(2,074)	(43,557)	(597,636)	-	(1,098,358)
Intercompany Receivables	-	-	3,563,415	(67,856,479)	-
Receivable from Foundation	1,825	548,180	3,265,476	(8,697,081)	-
Other Current Assets	55,509	48,879	671,334	-	1,789,380
Total Current Assets-Unrestricted	660,065	35,704,386	(80,371,736)	(76,553,560)	31,912,407
CURRENT ASSETS-RESTRICTED					
Tax and Insurance Escrow Funds	349,506	-	-	-	1,607,390
Property Debt Payment Reserve Funds	-	-	235	-	1,729,561
Working Capital Funds	-	-	-	-	113,992
Resident Funds	-	-	-	-	17,440
Total Current Assets-Restricted	349,506	-	235	-	3,468,383
NON-CURRENT ASSETS-UNRESTRICTED					
Investments	-	-	33,840,326	-	33,840,326
Investment in Perpetual Trusts	-	-	-	-	3,312,423
Operating Lease Assets	2,583	10,126	-	-	69,930
Right-of-Use Asset	4,949,226	66,503	34,982	-	7,690,172
Property and Equipment, Net	59,824,953	200,599	5,496,047	-	265,350,893
Goodwill, Net	-	1,296,863	-	-	1,296,863
Investment in Affiliate	-	-	(4,556,381)	4,556,381	-
Tax Credit Fees, Net	120,422	-	-	-	120,422
Total Non-Current Assets-Unrestricted	64,897,184	1,574,091	34,814,974	4,556,381	311,681,029
NON-CURRENT ASSETS-RESTRICTED					
Resident Deposits	480,341	-	-	-	2,886,720
Property Reserve Funds	1,930,549	-	-	-	7,581,207
Construction Funds	-	-	-	-	2,677,123
Workers Compensation Reserve, Long-Term	-	-	1,871,628	-	1,871,628
Total Non-Current Assets-Restricted	2,410,890	-	1,871,628	-	15,016,678
Total Assets	$ 68,317,645	$ 37,278,477	$ (43,684,899)	$ (71,997,179)	$ 362,078,497

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Nursing Homes and Market Rate Housing						
LIABILITIES AND NET ASSETS	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
CURRENT LIABILITIES							
Accounts Payable	$ 301,317	$ 100,858	$ 34,376	$ 158,338	$ 165,938	$ 480,429	$ 266,414
Accrued Payroll and Benefits	395,429	434,852	4,743	353,502	247,603	517,575	326,961
Other Current Liabilities	135,312	43,542	200,321	31,411	38,976	727,690	137,172
Current Maturities, Long-Term Debt	873,501	698,094	343,720	1,018,012	494,845	3,569,833	780,000
Current Maturities, Finance Lease Liabilities	17,549	14,103	-	30,527	16,997	214,657	22,412
Current Maturities, Operating Lease Liabilities	-	12,281	-	-	1,438	-	-
Accrued Interest	481,708	45,634	29,482	60,378	36,213	-	205,795
Total Current Liabilities	2,204,816	1,349,364	612,642	1,652,168	1,002,010	5,510,184	1,738,754
NON-CURRENT LIABILITIES							
Non-Current Maturities, Long-Term Debt	22,109,295	10,035,629	13,965,124	18,630,775	12,250,738	2,778,776	11,490,245
Non-Current Maturities, Finance Lease Liabilities	90,212	44,308	-	107,381	75,426	1,302,856	106,096
Non-Current Maturities, Operating Lease Liabilities	-	12,368	-	-	1,390	-	-
Intercompany Payables	40,465	9,342	62,711	6,718	1,819,992	80,364	3,446,914
Foundation Payable	-	-	-	-	-	-	-
Other Long-Term Liabilities	192,095	32,409	100,134	88,210	18,232	211,693	15,337
Total Non-Current Liabilities	22,432,067	10,134,056	14,127,969	18,833,084	14,165,778	4,373,689	15,058,592
Total Liabilities	24,636,883	11,483,420	14,740,611	20,485,252	15,167,788	9,883,873	16,797,346
NET ASSETS							
Net Assets Without Donor Restrictions	14,739,021	21,020,078	(3,925,360)	30,818,429	(4,274,572)	46,414,372	2,213,126
Net Assets With Donor Restrictions	690,369	2,572,551	-	299,216	3,816	3,261,741	2,211
Total Net Assets	15,429,390	23,592,629	(3,925,360)	31,117,645	(4,270,756)	49,676,113	2,215,337
Total Liabilities and Net Assets	$ 40,066,273	$ 35,076,049	$ 10,815,251	$ 51,602,897	$ 10,897,032	$ 59,559,986	$ 19,012,683

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Nursing Homes and Market Rate Housing						
LIABILITIES AND NET ASSETS	Ecumen Obligated Group	Lakeview Commons Senior Living, LLC	Meadows of Worthington, LLC	Regent at Maplewood, LLC	Regent at Apple Valley, LLC	Ecumen Mill City Quarter, LLC	Ecumen Market Rate Housing
CURRENT LIABILITIES							
Accounts Payable	$ 241,885	$ 67,492	$ 65,867	$ 195,852	$ 79,979	$ 111,641	$ 58,542
Accrued Payroll and Benefits	223,883	148,352	122,033	120,265	141,651	74,645	117,027
Other Current Liabilities	75,888	46,738	24,267	72,162	69,238	150,576	10,386
Current Maturities, Long-Term Debt	350,000	300,000	622,642	577,728	605,988	545,000	-
Current Maturities, Finance Lease Liabilities	43,738	2,909	19,945	9,441	29,749	6,983	24,164
Current Maturities, Operating Lease Liabilities	-	3,285	-	-	-	-	-
Accrued Interest	521,548	-	-	88,020	55,840	249,803	-
Total Current Liabilities	1,456,942	568,776	854,754	1,063,468	982,445	1,138,648	210,119
NON-CURRENT LIABILITIES							
Non-Current Maturities, Long-Term Debt	24,409,345	4,248,027	6,853,816	21,214,831	20,334,531	27,639,784	-
Non-Current Maturities, Finance Lease Liabilities	176,310	19,177	62,894	44,650	103,150	36,016	112,890
Non-Current Maturities, Operating Lease Liabilities	-	27,197	-	-	-	-	-
Intercompany Payables	89,645	6,786	412	3,767,792	3,416,465	1,020,873	1,874,273
Foundation Payable	-	-	-	-	-	-	-
Other Long-Term Liabilities	139,162	42,321	53,182	92,624	78,014	10,131,052	36,688
Total Non-Current Liabilities	24,814,462	4,343,508	6,970,304	25,119,897	23,932,160	38,827,725	2,023,851
Total Liabilities	26,271,404	4,912,284	7,825,058	26,183,365	24,914,605	39,966,373	2,233,970
NET ASSETS							
Net Assets Without Donor Restrictions	7,736,839	5,661,055	9,870,009	(8,092,013)	(8,303,932)	2,713,826	2,741,464
Net Assets With Donor Restrictions	18,311	13,259	55,999	8,652	8,207	3,120	392,427
Total Net Assets	7,755,150	5,674,314	9,926,008	(8,083,361)	(8,295,725)	2,716,946	3,133,891
Total Liabilities and Net Assets	$ 34,026,554	$ 10,586,598	$ 17,751,066	$ 18,100,004	$ 16,618,880	$ 42,683,319	$ 5,367,861

ECUMEN AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	Subsized Housing	Home & Community Based Services	Management, Fundraising, and Consulting	Eliminations	Total Consolidated
CURRENT LIABILITIES					
Accounts Payable	$ 270,320	$ 1,051,464	$ 298,712	$ -	$ 3,949,424
Accrued Payroll and Benefits	72,810	684,154	3,321,971	-	7,307,456
Other Current Liabilities	258,641	179,323	493,780	-	2,695,423
Current Maturities, Long-Term Debt	589,515	-	124,690	-	11,493,568
Current Maturities, Finance Lease Liabilities	13,294	16,010	12,246	-	494,724
Current Maturities, Operating Lease Liabilities	826	3,238	(53)	-	21,015
Accrued Interest	207,689	-	25,395	-	2,007,505
Total Current Liabilities	1,413,095	1,934,189	4,276,741	-	27,969,115
NON-CURRENT LIABILITIES					
Non-Current Maturities, Long-Term Debt	53,024,007	-	10,788,098	-	259,773,021
Non-Current Maturities, Finance Lease Liabilities	5,245,947	52,247	24,253	-	7,603,813
Non-Current Maturities, Operating Lease Liabilities	1,757	6,888	53	-	49,653
Intercompany Payables	2,481,314	11,557,079	38,175,334	(67,856,479)	-
Foundation Payable	-	-	8,697,081	(8,697,081)	-
Other Long-Term Liabilities	1,790,287	-	298,177	-	13,319,617
Total Non-Current Liabilities	62,543,312	11,616,214	57,982,996	(76,553,560)	280,746,104
Total Liabilities	63,956,407	13,550,403	62,259,737	(76,553,560)	308,715,219
NET ASSETS					
Net Assets Without Donor Restrictions	1,809,376	23,647,068	(106,686,418)	4,556,381	42,658,749
Net Assets With Donor Restrictions	2,551,862	81,006	741,782	-	10,704,529
Total Net Assets	4,361,238	23,728,074	(105,944,636)	4,556,381	53,363,278
Total Liabilities and Net Assets	$ 68,317,645	$ 37,278,477	$ (43,684,899)	$ (71,997,179)	$ 362,078,497

ECUMEN AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Nursing Homes and Market Rate Housing						
	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
REVENUE AND SUPPORT							
Operating Revenue:							
Resident Service Revenue:							
Room and Board	$ 12,292,583	$ 13,126,951	$ 3,935,100	$ 13,228,072	$ 9,160,409	$ 23,087,810	$ 3,689,149
Services Revenue	1,565,647	1,864,614	(26)	3,117,112	3,256,086	5,525,526	9,577,397
Ancillary Revenue	3,247,178	7,264,982	-	4,755,307	2,707,716	3,248,649	-
Contractual Adjustment	(2,258,659)	(5,466,234)	-	(2,259,741)	(1,708,933)	(2,153,236)	-
Total Resident Service Revenue	14,846,749	16,790,313	3,935,074	18,840,750	13,415,278	29,708,749	13,266,546
Other Operating Revenue:							
Management and Consulting	132,512	-	-	-	-	1,354,718	-
Other Fees and Services	128,512	247,533	377,176	902,836	59,246	495,002	45,140
Total Other Operating Revenue	261,024	247,533	377,176	902,836	59,246	1,849,720	45,140
Support:							
Contributions	4,719	6,432	62	399	296	57,815	9,422
Grants	385,671	25,407	-	30,578	29,894	52,977	49,931
Total Support	390,390	31,839	62	30,977	30,190	110,792	59,353
Net Assets Released from Restrictions	-	-	-	-	-	39,248	-
Total Operating Revenue and Support	15,498,163 -	17,069,685 -	4,312,312 -	19,774,563 -	13,504,714 -	31,708,509 -	13,371,039
OPERATING EXPENSE							
Operating Expenses	13,613,862	15,735,377	1,556,372	16,318,569	11,894,974	27,979,176	13,487,468
Depreciation and Amortization	1,723,040	734,404	656,506	1,269,417	775,673	1,840,128	876,803
Interest	1,289,821	585,849	371,414	764,944	457,699	166,278	677,997
Total Operating Expense	16,626,723	17,055,630	2,584,292	18,352,930	13,128,346	29,985,582	15,042,268
Change in Net Assets from Operations	(1,128,560)	14,055	1,728,020	1,421,633	376,368	1,722,927	(1,671,229)
NON-OPERATING ACTIVITY							
Investment Income	46,952	110,886	1,035	129,166	2,812	147,832	153
Gain/(Loss) on Disposal of Property	(50,010)	(5,969)	(700)	(7,153)	(11,047)	192,701	(1,715)
Gain/(Loss) on Other Non-Operating Activity	(4,333)	(500,000)	-	(1,034)	-	(2,443)	(25,956)
Total Non-Operating Activity	(7,391)	(395,083)	335	120,979	(8,235)	338,090	(27,518)
Excess (Deficit) of Revenue over Expense	(1,135,951)	(381,028)	1,728,355	1,542,612	368,133	2,061,017	(1,698,747)
Equity Contribution-Without Donor Restrictions	-	-	-	-	-	-	-
Net Assets Released - Fixed Asset Purchase	-	-	-	-	-	315,791	-
Transfer of Net Assets	602,000	413,000	(1,982,936)	-	-	-	1,783,000
Change in Net Assets Without Donor Restrictions	(533,951)	31,972	(254,581)	1,542,612	368,133	2,376,808	84,253
Change in Net Assets With Donor Restrictions	95,982	207,787	-	32,203	3,816	(347,045)	2,061
TOTAL CHANGE IN NET ASSETS	(437,969)	239,759	(254,581)	1,574,815	371,949	2,029,763	86,314
Net Assets - Beginning of Year	15,867,359	23,352,870	(3,670,779)	29,542,830	(4,642,705)	47,646,350	2,129,023
NET ASSETS - END OF YEAR	$ 15,429,390	$ 23,592,629	$ (3,925,360)	$ 31,117,645	$ (4,270,756)	$ 49,676,113	$ 2,215,337

ECUMEN AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Nursing Homes and Market Rate Housing						
	Ecumen Obligated Group	Lakeview Commons Senior Living, LLC	Meadows of Worthington, LLC	Regent at Maplewood, LLC	Regent at Apple Valley, LLC	Ecumen Mill City Quarter, LLC	Ecumen Market Rate Housing
REVENUE AND SUPPORT							
Operating Revenue:							
Resident Service Revenue:							
Room and Board	$ 8,362,620	$ 3,058,336	$ 4,056,964	$ 4,567,046	$ 5,082,738	$ 4,210,334	$ 1,891,344
Services Revenue	7,172,460	3,446,367	2,545,293	4,080,775	3,779,441	1,720,382	3,764,493
Ancillary Revenue	-	-	-	-	-	-	-
Contractual Adjustment	-	-	-	-	-	-	-
Total Resident Service Revenue	15,535,080	6,504,703	6,602,257	8,647,821	8,862,179	5,930,716	5,655,837
Other Operating Revenue:							
Management and Consulting	-	-	-	-	-	-	-
Other Fees and Services	296,638	154,351	118,007	178,210	211,925	221,755	321,671
Total Other Operating Revenue	296,638	154,351	118,007	178,210	211,925	221,755	321,671
Support:							
Contributions	894	3,775	371	97	-	2,599	4,006
Grants	50,563	33,183	24,877	19,894	23,209	-	38,140
Total Support	51,457	36,958	25,248	19,991	23,209	2,599	42,146
Net Assets Released from Restrictions	-	-	-	-	-	-	-
Total Operating Revenue and Support	15,883,175 -	6,696,012 -	6,745,512 -	8,846,022 -	9,097,313 -	6,155,070	6,019,654
OPERATING EXPENSE							
Operating Expenses	11,358,271	5,748,534	4,318,597	7,239,466	7,149,779	4,964,866	5,677,119
Depreciation and Amortization	904,725	419,939	607,587	858,103	829,404	1,130,995	301,594
Interest	1,621,946	219,437	270,610	735,504	709,385	1,612,205	5,812
Total Operating Expense	13,884,942	6,387,910	5,196,794	8,833,073	8,688,568	7,708,066	5,984,525
Change in Net Assets from Operations	1,998,233	308,102	1,548,718	12,949	408,745	(1,552,996)	35,129
NON-OPERATING ACTIVITY							
Investment Income	162,894	3,759	1,872	2,055	2,809	32,509	17,303
Gain/(Loss) on Disposal of Property	(155,928)	4,681	(110,436)	16,384	(9,747)	-	(167)
Gain/(Loss) on Other Non-Operating Activity	(60,996)	-	-	(1,000)	-	-	(2,471)
Total Non-Operating Activity	(54,030)	8,440	(108,564)	17,439	(6,938)	32,509	14,665
Excess (Deficit) of Revenue over Expense	1,944,203	316,542	1,440,154	30,388	401,807	(1,520,487)	49,794
Equity Contribution-Without Donor Restrictions	-	-	-	-	-	-	-
Net Assets Released - Fixed Asset Purchase	-	-	-	-	-	-	-
Transfer of Net Assets	-	-	-	-	(865,441)	1,101,000	-
Change in Net Assets Without Donor Restrictions	1,944,203	316,542	1,440,154	30,388	(463,634)	(419,487)	49,794
Change in Net Assets With Donor Restrictions	12,607	5,079	40,985	8,142	8,207	3,120	33,860
TOTAL CHANGE IN NET ASSETS	1,956,810	321,621	1,481,139	38,530	(455,427)	(416,367)	83,654
Net Assets - Beginning of Year	5,798,340	5,352,693	8,444,869	(8,121,891)	(7,840,298)	3,133,313	3,050,237
NET ASSETS - END OF YEAR	$ 7,755,150	$ 5,674,314	$ 9,926,008	$ (8,083,361)	$ (8,295,725)	$ 2,716,946	$ 3,133,891

ECUMEN AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Subsidized Housing	Home and Community Based Services	Management, Fundraising and Consulting	Eliminations	Total Consolidated
REVENUE AND SUPPORT					
Operating Revenue:					
Resident Service Revenue:					
Room and Board	$ 9,943,920	$ -	$ -	$ -	$ 119,693,376
Services Revenue	-	-	-	-	51,415,567
Ancillary Revenue	-	33,351,553	-	-	54,575,385
Contractual Adjustment	-	(2,814,822)	-	-	(16,661,625)
Total Resident Service Revenue	9,943,920	30,536,731	-	-	209,022,703
Other Operating Revenue:					
Management and Consulting	-	590,843	10,171,070	(11,228,145)	1,020,998
Other Fees and Services	318,111	10,566	269,140	-	4,355,819
Total Other Operating Revenue	318,111	601,409	10,440,210	(11,228,145)	5,376,817
Support:					
Contributions	33,012	8,149	47,238	-	179,286
Grants	77,887	333,570	110,513	-	1,286,294
Total Support	110,899	341,719	157,751	-	1,465,580
Net Assets Released from Restrictions	71,521	-	15,014	-	125,783
Total Operating Revenue and Support	10,444,451	31,479,859	10,612,975	(11,228,145) -	215,990,883
OPERATING EXPENSE					
Operating Expenses	8,814,888	29,097,631	20,922,093	(11,228,145)	194,648,897
Depreciation and Amortization	3,201,701	38,444	348,059	-	16,516,522
Interest	1,822,843	176,635	563,135	-	12,051,514
Total Operating Expense	13,839,432	29,312,710	21,833,287	(11,228,145)	223,216,933
Change in Net Assets from Operations	(3,394,981)	2,167,149	(11,220,312)	-	(7,226,050)
NON-OPERATING ACTIVITY					
Investment Income	33,129	60,532	3,809,803	-	4,565,501
Gain/(Loss) on Disposal of Property	10,714,534	(4,078)	(3,987)	-	10,567,363
Gain/(Loss) on Other Non-Operating Activity	4,215	(141,727)	(1,171,108)	631,182	(1,275,671)
Total Non-Operating Activity	10,751,878	(85,273)	2,634,708	631,182	13,857,193
Excess (Deficit) of Revenue over Expense	7,356,897	2,081,876	(8,585,604)	631,182	6,631,143
Equity Contribution-Without Donor Restrictions	(228,072)	-	6,707,552	-	6,479,480
Net Assets Released - Fixed Asset Purchase	-	-	1,458	-	317,249
Transfer of Net Assets	(100,000)	-	(950,623)	-	-
Change in Net Assets Without Donor Restrictions	7,028,825	2,081,876	(2,827,217)	631,182	13,427,872
Change in Net Assets With Donor Restrictions	(54,992)	81,006	178,147	-	310,965
TOTAL CHANGE IN NET ASSETS	6,973,833	2,162,882	(2,649,070)	631,182	13,738,837
Net Assets - Beginning of Year	(2,612,595)	21,565,192	(103,295,566)	3,925,199	39,624,441
NET ASSETS - END OF YEAR	$ 4,361,238	$ 23,728,074	$ (105,944,636)	$ 4,556,381	$ 53,363,278