



DISCLOSURE STATEMENT

GINGER COVE AT HOME

4000 RIVER CRESCENT DRIVE
ANNAPOLIS, MARYLAND 21401

2025-2026

Ginger Cove at Home will promptly amend this Disclosure Statement if, at any time, in the opinion of Ginger Cove at Home or the Department of Aging, an amendment is necessary to prevent the Disclosure Statement from containing any material misstatement of fact required by COMAR 32.02.02.15C(31) to be stated in the Disclosure Statement or omission of a material fact required by this regulation to be stated in the Disclosure Statement.

The issuance of a certificate of registration does not constitute approval, recommendation, or endorsement of Ginger Cove at Home by the Maryland Department of Aging.

The issuance of a Certificate of Registration is neither evidence of, nor does it attest to, the accuracy or completeness of the information set out in this Disclosure Statement.

This Disclosure Statement was reviewed by the Maryland Department of Aging on March 6, 2026.

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INTRODUCTION

Thank you for your interest in Ginger Cove at Home. We are convinced that the more you learn about Ginger Cove at Home, the more comfortable you will be in deciding to make it your primary plan to age in place in your home.

Because non-technical language has been used in this statement, it is possible that there may be some minor differences between the text of this Disclosure Statement and the language of the Continuing Care at Home Agreement or other documents. Copies of the actual documents which are included should be inspected to fully understand all of their terms and provisions, and those specific terms take precedence over the summaries in this Disclosure Statement. Individuals who enter into a Continuing Care at Home Agreement with Ginger Cove at Home are referred to throughout this Disclosure Statement as “members” or “subscribers.”

Each prospective member shall receive a Disclosure Statement without cost and before payment of any part of the entrance fee or, if earlier, the execution of a Continuing Care at Home Agreement. This Disclosure Statement is revised annually. Each current Member will receive written notice that a revised Disclosure Statement is available for review. Ginger Cove at Home makes the revised Disclosure Statement available to the Maryland Department of Aging to inspect for approval. The most recent copy of the Ginger Cove at Home Disclosure Statement is available for review at our website at www.GingerCove.com

Update and Amendment of this Disclosure Statement

This Disclosure Statement will be promptly updated if in the opinion of Ginger Cove at Home or the Maryland Department of Aging to prevent this document from containing any material misstatement of fact required by the applicable regulations.

Review of Long Term Care Insurance Policy

If you have a long term care insurance policy, request your advisors to review the policy and the Continuing Care at Home Agreement to determine whether there are potential areas of duplication or areas where benefits can be coordinated.

I. THE ORGANIZATION AND PEOPLE

GINGER COVE AT HOME, LLC

Ginger Cove at Home, LLC (“GCaH”) was organized as a limited liability company under the Maryland Limited Liability Company Act pursuant to articles of organization of GCaH filed with the State Department of Assessments and Taxation of the State of Maryland on November 22, 2023. GCaH was organized for the purpose of owning and operating a Continuing Care at Home Program.

GCaH is wholly owned by its sole member Annapolis Life Care, Inc. (“ALC”). ALC also owns and operates a Continuing Care Retirement Community (“CCRC”) doing business as Ginger Cove. GCaH’s administrative office is located on Ginger Cove’s 30+ acre campus at 4000 River Crescent Drive, Annapolis, MD 21401. ALC filed its Articles of Incorporation with the Maryland State Department of Assessments and Taxation on May 31, 1982. ALC has received recognition as an organization exempt from Federal income taxation under Section 501 (c)(3) of the Internal Revenue Code. ALC is also the sole member of the Ginger Cove Foundation, Inc., a tax-exempt foundation formed in 2002 by ALC to engage in charitable fundraising activities for the financial support of the operations of ALC. In addition, ALC is also the sole owner of Ginger Cove Home Health Care LLC, a limited liability company that operates a residential services agency licensed by the State of Maryland. ALC and its affiliates, including GCaH, are not affiliated with, and do not receive financial support from any other charitable, religious group or nonprofit organization.

GCaH will rely on the tax-exempt status of its sole member, ALC. GCaH is a disregarded entity for tax purposes. ALC will provide certain capital to GCaH to fund the initial reserve requirements and provide operating cash for GCaH. This advance will not cause ALC’s reserves for the CCRC to fall below required levels.

GCaH is a member-managed LLC, so ALC as the sole member of GCaH has exclusive and complete authority and discretion to manage the operations and affairs of GCaH and to make all decisions regarding the business of GCaH. As a result, the ALC Board of Directors shall govern the affairs of GCaH. The ALC Board of Directors currently consists of fourteen (14) members (including one Director Emeritus) whose expertise lies in such areas as real estate, law, banking, financial services, health care, information technology and management. Directors may serve up to six consecutive one-year terms and serve without compensation for the good of ALC and its affiliates, including GCaH. Neither the Board of Directors nor any person involved in the management of ALC or GCaH have any financial interest in GCaH. Annually, the ALC Board of Directors appoints a Committee on Governance and Directors that, among other duties, is charged with the responsibility to review candidates and make recommendations on Board membership. After GCaH has commenced enrolling members, the ALC Board of Directors will appoint a GCaH member to serve on the Board in accordance with Section 10-427 of the Human Services Article of the Maryland Code. Details regarding the composition of the current Board of Directors of ALC may be found below.

No member of the ALC Board of Directors has been (i) convicted of, or pleaded nolo contendere to, a felony charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property; (ii) been held liable, or enjoined by a final judgment, in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation as a fiduciary; (iii) been subject to an effective injunctive or restrictive order of a court of record arising out of or relating to business activity or health care, including any action affecting a license to operate any facility or service for aging, impaired, or dependent persons; or (iv) or had any state or federal license or permit suspended or revoked within the past ten (10) years as a result of an action brought by a governmental

agency arising out of or relating to business activity or health care, including any action affecting a license to operate any facility or service for aging, impaired, or dependent persons.

The Chief Executive Officer of ALC shall be the Chief Executive Officer of GCaH, carrying out the policies and programs of GCaH as approved by the ALC Board of Directors. Details regarding the officers of GCaH may be found below.

DIRECTORS

As explained above, GCaH operates under the supervision of ALC, its sole member. ALC's directors are:

ADM. WILLIAM O. STUDEMAN USN (RET.), *DIRECTOR EMERITUS* – Former Vice President & Deputy General Manager of Mission Systems at Northrop Grumman Corporation. Former Deputy Director of the United States' Central Intelligence Agency (George H.W. Bush and Clinton administrations), with two extended periods as Acting Director of Central Intelligence. Retired from the United States Navy in 1995 after almost 35 years of service. Director of the National Security Agency, 1988-1992; Director of Naval Intelligence, 1985 - July 1988. Recipient of numerous service commendations and citations, including the Navy Distinguished Service Medal, the Legion of Merit with two Gold Stars; awarded the William Oliver Baker Award by the Intelligence and National Security Alliance; AFCEA Distinguished Service Award for Intelligence Community support. Received service medals from the Governments of France, Brazil, and South Korea. Bachelor's degree in history from the University of the South; Master's degree in Public and International Affairs from George Washington University. Distinguished graduate of the Naval War College and National War College. Service to numerous corporate, university, and government boards. *DIRECTOR SINCE 2016.*

SUSAN WARD — *PRESIDENT* (RET.) (2022; Vice President, Baltimore Washington Medical Center, 1987 to 2022. Oversight of ancillary services; facilities engineering; construction management; coordination of architectural services and clinical planning. Assistant Vice President, St. Joseph Regional Medical Center, 1982-1989. Board of Directors, Baltimore Washington Emergency Physicians, Inc. and Washington PET Center, LLC. Advisory Board for Special Beginnings, Birth and Women's Center. Member, Maryland Association of Healthcare Executives and Associate of the American College of healthcare Executives. B.S. in Social Work, James Madison University; Master's Degree in Health Services Administration, George Washington University. *DIRECTOR SINCE 2016. Finance & Audit Committee Chair, Planning & Oversight Committee, Ginger Cove at Homme Sub-Committee.*

KAREN COFFMAN – VICE PRESIDENT— Lead Health Domain Specialist and Technical Lead, MITRE Corporation's CMS Alliance to Modernize Health Care (2007-2017); Head, Managed Care Department, Naval Health Clinic in Annapolis (1993-2006); Special Assistant to the Executive Director, Naval Medical Clinic in Annapolis (1988-1993); United States Department of Agriculture Food and Nutrition Service (1975-1988). Volunteer efforts include: Coordinated donations for troops collecting and mailing treats to troops overseas; Established bi-monthly training for Project Management Institute members; Voice of the People for MITRE's Baltimore staff; Treasurer of Annapolis Area Phi Mu Association; Past President and Treasurer of Greater Baltimore Alumnae Panhellenic Association. *DIRECTOR SINCE JUNE 2020.*

FRANCES R. HALL, SECRETARY Retired; Associate Vice President for Student Programs Association of American Medical Colleges, Washington, DC 1991-2000; Assistant Dean Admissions and Financial Aid, Dartmouth Medical School, Hanover, NH 1975-1991; Director or Admissions and Financial Aid, Cedar Crest College, Allentown, PA 1970-1975; Assistant Director of Admissions, Middlebury College, Middlebury, VT 1965-1969; Science Instructor, Glen Rock NJ High School 1960-1964; Research Chemist, Union Carbide Corporation, Parma, OH 1957-1960. Awards, Middlebury College Alumni Association Award for Outstanding Service to the College; Ginger Cove Volunteer Appreciation Award. BA Chemistry, Middlebury College; EdM Education, Harvard University. Ginger Cove Resident. *DIRECTOR SINCE July 2022.*

EDDIE McDEVITT – TREASURER - A New Jersey native and a graduate of both Bucknell University and Hahnemann Medical College. A retired Navy Captain, he has served as a Navy Team Physician since 1987. Eddie lives in Annapolis with his wife, Amy, and is the proud father of three daughters and grandfather to two grandchildren.

LARRY SHUBNELL, CPA, MBA Resident Member – Retired – Previously Member of Board of Directors, National Senior Campuses, Inc. service 15 senior living campuses in 11 states; Senior Managing Director Public Finance, Legg Mason, Baltimore, Maryland (20 years); Principal, Government Finance Associates, Inc.; Director, U.S. Treasury Department’s Office of State & Local Government Fiscal Research; Budget Director, Maryland General Assembly; Staff Accountant/Auditor, Price Waterhouse Coopers. BBA Accountancy Notre Dame, MBA George Washington University, CPA Certificate, State of Maryland.

JAMES H. BARNETT, CAPT (USN Ret) Resident Member --- COO SeaCure Associates LLC, and Consultant, KEYW Corporation; Corporate Staff, Northrop Grumman Corp (2006-2011); U.S. Senate Professional Staff, Senate Select Committee on Intelligence (1998-2006) Liaison to Senators, Lott, DeWine, Snowe, Inhofe, and Mikulski. Served nearly 33 years in the United State Navy, retiring as a Captain (Cryptologist). Graduated from the United States Naval Academy 1969 and commissioned as a Surface Warfare Officer. After 2 years at sea, to include three deployments to Vietnam, volunteered and served in the Riverine Force in Swift Boats (PCFs) and Patrol Boats (Coast Guard WPBs) out of Cat Lo RVN. Served consecutive command tours in Korea and Japan, Executive Officer tours in Alaska and England, and 12 years (9 consecutive) in the Pentagon including service on Staff of the CNO, Secretary of Defense, Office of the Joint Chiefs of Staff, Secretary of the Air Force, and the NRO. B.S. US Naval Academy, M.S. University of La Verne. Numerous personal, service, and campaign awards. Former member of the Board of Advisors (Advanced Navy Program); former member of the AFCEA Intelligence Board; Senate Majority Leaders, “Rocket Scientist,” Clerk of St Margaret’s Church; Chairman of the Ginger Cove Buildings and Grounds Committee, member of the Ginger Cove Residents Club Executive Committee.

JOHN P. (JACK) EVANS, ESQ. – Attorney, Whiteford, Taylor & Preston L.L.P. (1988-present), Equity Partner (1992-2014), Senior Counsel (2014-present); Managing Partner, Towson Office; Executive Committee; Compensation Committee; Chair, Real Property & Banking Section; Chair, Computer & Technology Committee. Practice focused on real property, land use, financing. Adjunct professor, Johns Hopkins Carey Business School (Land Use and Infrastructure). Lecturer, MICPEL, various lending and real property topics. *Pro bono* experience: Counsel, Sandtown Habitat for Humanity (1988-2014), advised Board of Directors, settled 200+ homes; President and Vice President, Londontowne Symphony Orchestra; Director, Pro Bono Resource Center of Maryland (2006-2014);

Director, Ballet Theatre of Maryland; Pro Bono Lawyer of the Year (Maryland State Bar Association; Whiteford, Taylor & Preston L.L.P.). *Education*: Juris Doctor, with honor, University of Maryland School of Law; Master of Arts, International Relations, Johns Hopkins School of Advanced International Studies; B.A., International Relations, Johns Hopkins University. *Other experience*: UNISERV staff, Teachers Association of Baltimore County, Maryland (public relations, publications, teacher representation). Assistant Public Relations Director, Baltimore Baseball Club, Inc. (community and media relations, promotions, publications, trade research).

RACINE WILLIAMS, MA CCHW, Support Planner for the Coordinating Center, Millerville, Maryland, 2005 to present. Intake Coordinator, Mentor, Inc. Landover, Maryland, 1999 – 2004. Clinical Coordinator, Mentor Inc. Atlanta, Georgia, 1997-1999. Intake Coordinator, Mentor in, Landover Maryland. Case Manager, Community Alternatives Unlimited, Chicago, Illinois, 1995 – 1997, Service Coordinator, Service Coordination Systems, Inc. Rockville, Maryland 1992 – 1995. Education and certifications – Certified Community Health Worker, MA, Counseling Psychology, Bowie State University. Certificate in Human Services, Bowie State University, BS Human Development & the Family, University of Nebraska.

JAMES M. ALLEN, Executive Vice President, Booz|Allen|Hamilton 2004 – present. M. A. in Telecommunications from The George Washington University, an M. A. in National Securities Studies from Georgetown University and a B. A. with distinction in Russian from University of Virginia. In Jim's current position, he leads strategic planning for his firm's global defense and national security sectors focusing on cyber-related missions and challenges in defense, the intelligence community and other markets.

ALLEN EGLOFF, Retired has lived in Arnold since 1976 and practiced Orthopedic Surgery in Annapolis for 25 years. He then transitioned into hospital administration at Annapolis General Hospital and Howard County General Hospital, serving on the affiliate staff of Johns Hopkins for 14 years. Allen was a Naval Medical Officer from June 1969 to January 1971, serving as a Battalion Medical Officer for NMCB6 and at the Philadelphia Naval Hospital. He also served on the board of the Providence Center from 1984 to 2000, including a term as Chair from 1990 to 1994.

Warren "Bud" Duckett was born and raised in Maryland. He earned his undergraduate degree from the University of Maryland, College Park, and his Juris Doctor from the University of Baltimore. Warren currently serves as Partner and General Counsel for a commercial real estate development company based in Annapolis. He and his wife, Joan, along with their four children, reside in Annapolis and the surrounding areas.

JOHN R. HAMMOND holds a B.A. from Johns Hopkins University (1970) and an M.B.A. from the Wharton School (1973). He served Anne Arundel County, Maryland, for 25 years—primarily as Budget Officer, with additional roles as Chief Administrative Officer and a brief term as County Executive. He currently serves as Board Chair for the County's Pension System (managing \$2.5 billion in assets) and the Retiree Health Benefits Trust (\$600 million in assets). His previous experience includes roles as an institutional money manager and a government affairs officer in the property and casualty insurance sector. He also served as an Alderman for the City of Annapolis for 16 years, including as Chair of the Finance Committee.

Mohammad F. Jishi “Mo”, Executive Vice President and Director of Transformation, M&T Bank and Wilmington Trust - With 30 years of experience in the financial services industry and at M&T, Mo is an active member of the bank's leadership team, orchestrating the Business Owners Forum, and serving on various corporate steering/advisory committees. Mo leads teams to ensure that the enterprise and its component business lines establish and refine external and internal strategies to drive continuous business growth and improvement. He drives business delivery and initiative execution, partnering with enterprise leaders to operationalize strategic intent and implementing governance systems to assess performance. The immediate past chair, he is currently an officer of the association board and executive committee of the Y in Central Maryland where he also serves as a member of several board subcommittees. He serves on the boards and finance committees at the Baltimore Convention and Tourism Board, the Baltimore Curriculum Project, and Ginger Cove. He previously served on the Boards of St. Agnes Hospital and the National Aquarium where he remains an at-large member of the Conservation and Finance committees.

OFFICERS

GCaH’s officers are:

CHARLES “CHIP” WARNER, Chief Executive Officer of ALC and GCaH, February 2025 – Present. Previously, he served for more than 15 years in leadership roles in senior living and services. This included time at Erickson Senior Living, where Chip served as Executive Director of Cedar Crest Village in Pompton Plains, NJ, and Riderwood Village in Silver Spring, MD. At Erickson, he also worked in corporate roles as VP of Corporate Operations and Regional VP of Operations. Most recently, Chip served as President and CEO at Vinson Hall Retirement Community in McLean, VA. In addition to his work in senior living, Chip held roles as Chief Operating Officer at the YMCA of Central Maryland and as a portfolio manager in the venture philanthropy field. He also served as an officer in the U.S. Navy, with assignments as a nuclear engineer on the aircraft carrier USS John C. Stennis and as an instructor of English Literature at the U.S. Naval Academy. He holds a BS in English from the Naval Academy, an MA in English Literature from the University of Maryland, and an MBA from Harvard Business School.

WILLIAM GIBSON, CPA, Chief Financial Officer, 2024 – Present. Bill is a licensed CPA with more than 30 years of experience with both public accounting firms and private companies. For the last 20 years, Bill’s professional career has been in financial management predominantly with not-for-profit organizations in the senior living space with both retirement communities and skilled nursing facilities. In addition to coordinating the budgeting and financial reporting of organizations he has served, he has also led diverse departments from human resources, facilities, and IT. He has led organizations through debt refinancing and restructuring, as well as participated in forecasting and feasibility studies for campus repositioning initiatives.

PHYLLIS JOHNS BOULDEN, NHA, Executive Vice President of GCaH and Chief Operating Officer of ALC. Employed by Ginger Cove since November 1992. Positions held: Asst Director of Resident Services; Director of Resident Services; Assisted Living Director; Apartment Support Director and Administrator. B.S. Education Towson State University; M.A. with focus Health Care College of Notre Dame. Currently serving on The Board of Metro Maryland Youth for Christ, serving youth 11 – 19 years of age.

MEMBER ASSOCIATION AND MEETINGS

GCaH members may form an association, known as the “Ginger Cove at Home Member’s Association.” The objective of the Ginger Cove at Home Member’s Association would be to improve member experience through increased knowledge of services and policies and also provide a forum through which member suggestions or concerns may be communicated to management and members of the GCaH Board.

At least quarterly, GCaH shall hold a meeting open to all members at which an officer or designee of GCaH shall present a summary of GCaH’s operations, significant changes from the previous year’s operations, and GCaH’s goals and objectives for the next year. On behalf of ALC as the sole member of GCaH, the ALC Board of Directors shall make provisions to receive and answer questions from members at the meeting.

II. THE CONTINUING CARE AT HOME PROGRAM

THE LOCATION

The administrative offices of GCaH are located on the ground floor of the Heritage building which is on Ginger Cove's campus, a 30-acre beautifully wooded site on Gingerville Creek, which flows into the South River and Chesapeake Bay, just a short distance from Historic Annapolis. This location provides easy access and parking for GCaH members and prospects. Additionally, as some of the activities and events which are held at the Community will be offered to Members, its provides an opportunity for Members to become familiar with the beautiful location.



Ginger Cove at Home is Headquartered at Ginger Cove's CCRC Campus

THE PERSONNEL

The Chief Executive Officer of ALC also serves as the Chief Executive Officer of GCaH, carrying out the policies and programs of GCaH as approved by the ALC Board of Directors. GCaH also employs an Executive Director and Manager of Administrative Services, and contracts with third parties to provide Medical Director, Care Coordinator, and Occupational Therapist services. Members have access to the Luninis Walk-in Clinic, which is located on Ginger Cove's campus.

THE SERVICES

GCaH is organized and managed to provide persons 60 years of age or older care management and related services with the objective of permitting them to live in their home as long as possible. This program is designed to assist the roughly 85-90% of seniors who do not wish to move to a CCRC. In addition to helping people stay in their homes longer, the hope is that early care planning and intervention while they are well will reduce the chance of a health-related crisis occurring in the future.

As described in more detail below, GCaH's service offerings include (1) certain initial services, most of which are included in the Monthly Fees paid by members, and (2) certain long term care services for which GCaH will compensate members for their costs that are not covered by Medicare or other insurance. Compensation for long term care services is subject to certain limits, referred to as the Daily Per Service Benefit, the Daily Total Benefit, and the Lifetime Maximum Benefit. The services and fees are described in more detail below.

Initial Services: Except as otherwise specified below or in the Continuing Care at Home Agreement, the following initial services are included in the Monthly Fee:

- **Care Coordination:** Care coordination services are those that assist members to determine what services they need and when they need them and gain access to all services provided or coordinated by GCaH. Care coordination assists with the identification of needs and early intervention strategies to help prevent adverse events in the longer term. The Care Coordinator, through consultation with the member or member's representative, the member's personal physician, and the Medical Director, will formulate a care plan. The care plan follows the member and changes as his/her needs evolve over time. The care plan includes, as applicable and without limitation, goals, assessments, interventions, and the type, start date, duration, frequency, and quantity of services, as well as any special considerations as applicable. The Care Coordinator will contact the member on a quarterly basis at a minimum and update the member's care plan as needed.
- **Home Inspection:** An Occupational Therapist will conduct a home evaluation to assess the member's functioning and safety within his/her home. The Occupational Therapist will provide a report that will provide recommendations that may help the member overcome or minimize any safety issues or functional limitations. Such evaluation will be made when continuing care at home services commence and then every two (2) years thereafter or sooner if deemed necessary by the Care Coordinator. The decision to proceed with such recommendations and the cost related thereto are the responsibility of the member.
- **Referral Service for Assistance with Home Maintenance and Repair:** We will contract with a referral service to facilitate the provision of maintenance and repair services at the member's home. The referral service will provide, or arrange for the provision of, home maintenance and repair services at the member's home at the member's sole cost and expense. GCaH, through the referral service, will check the liability insurance coverage and any applicable licenses and review the referral list for any changes in insurance coverage, licenses, or quality of service in accordance with applicable laws and regulations. GCaH will ultimately be responsible for the verification and review procedures in this paragraph.
- **Emergency Response System:** GCaH will provide an emergency response system which will provide two-way communication with the center at which the emergency response is to be coordinated. The cost associated with options that are above the base plan may be purchased by the member at an additional monthly cost.
- **Medically Necessary Transportation:** GCaH will provide, or arrange for the provision of, transportation to and from a scheduled medically necessary outpatient surgery or short stay procedure, such as a cataract removal, chemotherapy treatment, or surgical biopsy, subject to the Daily Per Service Benefit (which, for such transportation services, is up to \$98/day for the period July 1, 2025 through June 30, 2026), the Daily Total Benefit, and the Lifetime Maximum Benefit. For the avoidance of doubt, these transportation services do not include transportation for regular physician office visits, routine specialist appointments, or dialysis.
- **Ginger Cove's Wellness Center:** Members may use the gym, sauna and locker room facilities which are located on the Ginger Cove campus between the hours of 8:00AM and 6:00PM, Monday to Friday. This facility also has a state of the art GAITwell® system, which assists with gait performance, hopefully reducing the likelihood of a fall due to poor gait characteristics. An acknowledgement and release form as well as orientation program must

be completed before a GCaH member may use these facilities. Additionally, the Care Coordinator must approve the use of these facilities before such use may commence. There are also exercise classes available that may be offered from time to time based upon availability and, for some of these classes, there may be an additional fee.

- **Luminis Walk-in Clinic on Ginger Cove's Campus:** Ginger Cove also has an on-campus walk-in clinic that is operated in cooperation with Luminis Health. Services provided will be charged to the member and/or his/her insurance carrier as applicable. Clinic hours are from 8:30AM to 4:00PM, Monday to Friday.
- **Therapy Services:** Members may use Ginger Cove's well-appointed on-campus therapy gym for their physical, occupational and speech therapy needs on an outpatient basis. The member and his/her insurance plan will be billed for therapy services, as applicable. The use of these services requires registration with the Ginger Cove Business Office and appropriate physician orders.

Long Term Care Services: GCaH will compensate members for costs they incur to receive the following long term care services that are not covered by Medicare or other insurance and that are approved by the Care Coordinator and Medical Director, up to the Daily Per Service Benefit, the Daily Total Benefit, and the Lifetime Maximum Benefit:

- **Companion Services:** Companion services are non-medical services, such as assistance with meal preparation, light housekeeping, toileting, fellowship, etc. Members may select their preferred provider of companion services.
- **Live-In Care:** Live-in care means having an experienced caregiver move into a spare room in the member's home. Caregivers live with the member, offer support in any areas needed throughout the day, and sleep when the member sleeps during the night. Their goal is to help members stay as comfortable and independent as possible in their own home. Live-in care provides constant care without the upheaval of moving into a residential care home. Those receiving live-in care can stick to a familiar routine, keep much loved pets, and see friends and family when they want. Members may select their preferred provider of live-in care services.
- **Home Health Services:** Home health care is a wide range of health care services that members can get in their homes for an illness or injury that assist with activities of daily living. Members may select their preferred provider of home health services.
- **Adult Day Care:** Adult day care centers are designed to provide care and companionship for older adults who need assistance or supervision during the day. Programs offer relief to family members and caregivers, allowing them to go to work, handle personal business, or just relax while knowing their relative is well cared for and safe. Members may select their preferred provider of adult day care services.
- **Assisted Living Facility Care:** An assisted living facility is one that is appropriately licensed under state law to provide the level of assisted living care that a member requires. If recommended and approved by the Care Coordinator and Medical Director, members may receive services at an assisted living facility. Members may receive these services at Ginger Cove's assisted living facility (subject to bed availability and satisfying requirements for admission) or another licensed assisted living facility of the member's choice.

- **Nursing Facility Care:** A nursing facility is one that meets the Medicare definition of a skilled nursing facility and is appropriately licensed under state law to provide intermediate and skilled level nursing care services. After all Medicare or health insurance-covered nursing home days for which the member is eligible have been exhausted, a member's continued residence in a nursing facility may be recommended and approved by the Care Coordinator and Medical Director. Members may receive these services at Ginger Cove's nursing facility (subject to bed availability and satisfying requirements for admission) or another licensed nursing facility of the member's choice.

Compensation for Long Term Care Services: In order to receive compensation for the long term care services listed above, the member must be certified by the Medical Director to be chronically ill. Costs for long term care services will be compensated by GCaH after the member incurs the expense. Members do not have to pay the incurred costs first before GCaH pays the member; GCaH will pay the member the incurred costs even if the member has not already paid those costs first. Compensation for long term care services is subject to the following limits:

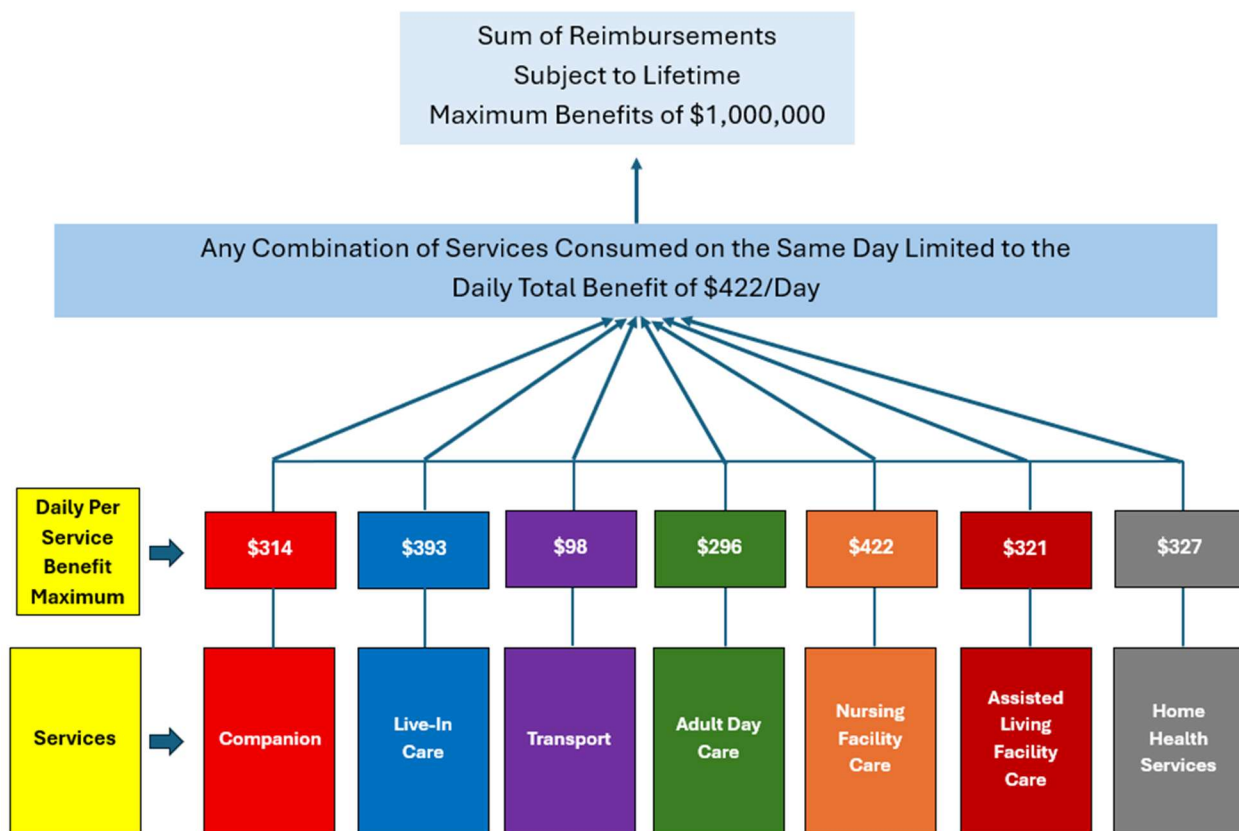
- **Daily Per Service Benefit:** The Daily Per Service Benefit is the maximum dollar amount payable by GCaH to a member per day for each long term care service. The Daily Per Service Benefit for the period July 1, 2025 through June 30, 2026 is as follows:

Daily Per Service Benefit Effective July 1, 2025 to June 30, 2026	
Service	Daily Per Service Benefit
Companion Services	\$314/day
Live-In Care	\$393/day
Home Health Services	\$327/day
Adult Day Care	\$296/day
Assisted Living Facility Care	\$321/day
Nursing Facility Care	\$422/day
Transportation	\$98/day

- **Daily Total Benefit:** The Daily Total Benefit is the maximum dollar amount payable by GCaH to a member per day for all long term care services received by the member based on the Service Plan selected by the member. If a member receives multiple long term care services on a given day, the cost of each service will be subject to the Daily Per Service Benefit and the total for all services will be aggregated and applied against the Daily Total Benefit. The Daily Total Benefit will increase annually to equal the then-current private pay daily rate for a private room at Ginger Cove's skilled nursing facility. The historic increase in the private pay daily rate, which will equal the Daily Total Benefit, is as follows (based on a July 1st fiscal year):

Private Room Daily Rate	2019	2020	2021	2022	2023	2024	2025	2026
Amount	\$327	\$335	\$343	\$353	\$368	\$389	\$406	\$422
% Change	3.5%	2.4%	2.4%	2.9%	4.2%	5.75%	4.4%	4.0%

- **Lifetime Maximum Benefit:** The Lifetime Maximum Benefit is the maximum dollar amount payable by GCaH to a member for all long term care services received by the member. The Lifetime Maximum Benefit is \$1,000,000 per member.



Exclusions: Except as specifically described above, members will be solely responsible for services not covered by their medical and surgical insurance coverage and for payments exceeding their medical and surgical insurance coverage limits including but not limited to: audiological tests and hearing aids; eyeglasses and refractions; dentistry; dentures; dental inlays; organ transplants; orthopedic appliances; occupational, physical and speech therapy; podiatry; excessive incontinence care and supplies; hospitalization and professional care for psychiatric disorders; treatment for alcohol or drug abuse; medications; chiropractors; renal dialysis; extraordinary treatments; cosmetic treatments; and experimental treatments as reasonably determined by the Medical Director. Members are solely responsible for all medical, prescription drug, and supplemental/Medicare advantage insurance premiums, co-payments, and deductibles. GCaH will not pay for medical transportation except as described above. Funeral and burial services are not provided by GCaH. Under no circumstances will GCaH pay more than the Daily Per Service Benefit, the Daily Total Benefit, or the Lifetime Maximum Benefit.

Reduction in Services for Temporary Travel Outside of the Designated Service Area: GCaH is approved by the Department of Aging to provide continuing care at home services in the State of Maryland (the “Designated Service Area”). If a member wishes to travel temporarily (90 days or less) outside the Designated Service Area and continue to receive services, the member may do so under the following conditions: (i) the member must have been a resident of the Designated Service Area for a period of at least twelve (12) months following the date that he or she first began receiving continuing care at home services before traveling; (ii) the member’s personal physician must certify in writing that he or she is able to undertake such travel; and (iii) the member must provide his or her personal physician’s written certification to the Care Coordinator in advance of departure. The member’s care plan in effect prior to travel will remain in effect during travel. The member will be responsible for arranging for approved long term care services from providers and facilities in the

area if outside the Designated Service Area, paying for such services, and requesting compensation from GCaH as specified in the Continuing Care at Home Agreement.

Reduction in Services When Home Site Has Been Permanently Changed to Outside of the Designated Service Area: If a member permanently changes his or her home site to outside of the Designated Service Area, the member is not excluded from continued membership in GCaH. However, the services that the member is eligible to receive and for which compensation is available will change as described in this section.

If a member permanently changes his or her home site to outside of the Designated Service Area but within the United States and the member was a resident of the Designated Service Area for at least twelve (12) months following the date that he or she first began receiving continuing care at home services, the services listed in the paragraph immediately below are portable and will continue to be available to the member, so long as the member informs the Care Coordinator, in writing, of the relocation within seven (7) days of relocation. The written notification must include (i) the member's new physical and mailing address, (ii) new telephone number and any other updated contact information (e.g., e-mail), (iii) new local emergency contact, (iv) the identity of the individual(s) residing with the member in the new home site, and (v) the member's new physician(s), including primary care and specialists.

If the aforementioned written notice is provided, GCaH shall continue to provide the following initial services: care coordination services, a care plan, home inspections, and an emergency response system. Referral for assistance with home maintenance and repair is not portable outside of the Designated Service Area. Long term care services are portable outside of the Designated Service Area, though they may need to be provided by providers other than Ginger Cove. The member is responsible for arranging for approved long term care services from providers and facilities in his or her area of outside of the Designated Service Area, paying for such services, and requesting compensation from GCaH as specified in the Continuing Care at Home Agreement.

THE FEES

Fee Overview: The cost of the program consists of: (1) a non-refundable processing fee of \$300 for an individual and \$450 for a couple submitted with an application for membership, (2) an upfront one-time payment of an Entrance Fee, and (3) a Monthly Fee.

The amount of the Entrance Fee is based upon the following factors:

- The member's age at the time the application is submitted;
- Single or double membership;
- The Service Plan selected; and
- The Entrance Fee Refund Plan selected.

The amount of the Monthly Fee is based upon the following factors:

- Single or double membership; and
- The Service Plan selected.

Service Plans: There are four (4) Service Plan options. Each Service Plan provides a different level of benefit, referred to as the Daily Total Benefit. The Daily Total Benefit is the maximum dollar amount payable by GCaH to the member per day for long term care services received by the member.

The Service Plan selected will affect the percentage of the Daily Total Benefit that is payable by GCaH and the Entrance Fee and Monthly Fee that the member will pay.

Percent of Costs Covered by Service Plan Up to the Daily Total Benefit				
<u>Type of Service</u>	<u>Platinum</u>	<u>Gold</u>	<u>Silver</u>	<u>Bronze</u>
Care Coordination	100%	100%	100%	100%
Adult Day Care	100%	80%	50%	25%
Companion Services	100%	80%	50%	25%
Live-In Care	100%	80%	50%	25%
Home Health Care	100%	80%	50%	25%
Emergency Response	100%	100%	100%	100%
Transportation	100%	100%	100%	100%
<u>Assisted Living Care</u>				
First 100 Days	100%	80%	50%	25%
Over 100 Days	100%	80%	50%	0%
<u>Nursing Home Care</u>				
First 100 Days	100%	80%	50%	25%
Over 100 Days	100%	80%	50%	0%

The Service Plans offered are designed to accommodate those who have long-term care insurance, which may provide overlapping coverage.

The fee schedules for each Service Plan are attached as **Exhibit A**.

Entrance Fee Refund Plans: There are two (2) Entrance Fee Refund Plan options:

- **90% Refund Plan:** Ninety percent (90%) the Entrance Fee is refundable (less permissible offsets as set forth in the Continuing Care at Home Agreement). *Example:* If the Entrance Fee is \$50,000, the Entrance Fee Refund would be 90% of \$50,000, or \$45,000.
- **0% Refund Plan:** The Entrance Fee Refund is reduced by five percent (5%) per month for twenty (20) months (less permissible offsets as set forth in the Continuing Care at Home Agreement), at which point the refundable amount of the Entrance Fee remains at zero percent (0%) for the duration of the Continuing Care at Home Agreement. *Example:* If the Entrance Fee is \$50,000 and the Continuing Care at Home Agreement terminates or the member dies in the fourteenth (14th) month of the Agreement, then the Entrance Fee Refund would be 35% (i.e., 100% - (5% x 13 months)) of \$50,000, or \$17,500.

Bridge Program: Members have an incentive option to become an independent living resident at Ginger Cove’s CCRC. If the Member desires to do so, he or she may either: (1) cancel the GCaH membership and the Continuing Care at Home Agreement when the member is approved for admission and moves into the Ginger Cove CCRC, in which case the member will receive a full (i.e. 100%) credit for the Entrance Fee paid for the GCaH membership toward their CCRC entrance fee; or (2) maintain membership in GCaH and receive a 15% discount off of the entrance fee required to

enter Ginger Cove’s CCRC as an independent living resident. Certain exceptions may apply to these terms, as explained in the Continuing Care at Home Agreement.

Harbor Plan (Care Coordination Only): GCaH may, at its sole discretion, offer individuals who do not meet eligibility requirements for enrollment in a GCaH Service Plan the opportunity to enroll in the Harbor Plan. The Harbor Plan is a limited membership option that provides access to GCaH’s care coordination services without long-term care benefits. The services available through the Harbor Plan do not constitute “continuing care at home” services as defined under Md. Code, Human Serv. § 10-401(f)(1) and, therefore, are not regulated by the Maryland Department of Aging.

CONTINUING CARE AT HOME AGREEMENTS

Upon deciding to become a member of GCaH, a future member will execute a Continuing Care at Home Agreement. In the event of a conflict between a provision of the Continuing Care at Home Agreement executed by a member and the terms of this Disclosure Statement, the provision of the Continuing Care at Home Agreement shall control.

All Continuing Care at Home Agreements are subject to acceptance by GCaH. After payment of the Entrance Fee, the member must have sufficient financial resources to permit payment of monthly charges for the selected plan, plus other personal expenses which may be reasonably expected, and to meet anticipated increases in the cost of living and increases in the service fee for either plan. GCaH may not terminate a Continuing Care at Home after it has been signed by both GCaH and the member, except for just cause as set forth in the applicable Residency Agreement.

In anticipation of meeting the needs of members over time, GCaH recognizes the need to be able to modify and develop new forms of its Continuing Care at Home Agreements. To meet those needs, GCaH reserves the right to offer new prospective members alternative forms of the Continuing Care at Home Agreement.

INSURANCE REQUIREMENTS

Members of GCaH must maintain and pay for medical, surgical, and prescription drug insurance provided by Medicare. This insurance must consist of (i) Medicare Parts A, B, and D and Medicare Supplemental Insurance; or (ii) a Medicare Advantage Plan. If a member is not eligible for the aforementioned coverage, the member must maintain other insurance providing coverage, which GCaH deems in its sole and reasonable discretion to be equivalent creditable coverage, until such time that the member is eligible for, carries, and pays for the Medicare coverage detailed above. Members are responsible for obtaining any required referrals and for submitting all claims for payment for health care services to Medicare and other applicable insurance carriers.

GCaH FINANCIALS

Reserve Requirements: Maryland law requires that GCaH maintain certain amounts in reserves for different purposes (e.g., operating reserves, capital reserves, and contract reserves). ALC, the sole member of GCaH, has funded these reserve requirements through loans that are subordinated to other creditors of GCaH, including trade creditors.

Investment Policy: GCaH’s investment policy has the goal of maintaining all principal with relatively modest risk. GCaH’s financial assets consist of (1) funds intended to be used to cover its short-term

operating and program expenses and the eventual repayment to ALC for funding applicable reserve requirements and working capital advances, and (2) reserve funds, which are funds to be held in reserve which are required by state law. Required reserve funds will be held in cash or cash equivalents in order to earn market rates of interest. Mercer Investments LLC serves as investment advisor under an investment policy, which has been approved by the Ginger Cove Board of Directors. The investment policy is reviewed on an annual basis and investment performance is reviewed by the Board's Finance and Audit committee on a regular basis.

Financial Statements: An audited financial statement (**Exhibit B**) for ALC and GCaH is prepared for each completed fiscal year, which is from July 1 to June 30. A copy of audited financial statements is also available from the Ginger Cove Finance Office for review by each member or his or her financial or legal advisor upon request.

Long-Term Financing: GCaH has obtained loans from ALC to fund certain reserve requirements. ALC has loaned \$1,500,000 to GCaH to fund its required reserves pursuant to a Loan Agreement and Notes issued by GCaH for the benefit of ALC. GCaH is obligated to pay back the entirety of the \$1,500,000 to ALC on or before January 1, 2030. ALC's entitlement to repayment of the loans is subordinated to the rights of other creditors of GCaH, including trade creditors.

GCaH has also obtained a revolving loan from ALC to fund working capital advances for GCaH's short term operating and program expenses. GCaH has ability to draw up to \$600,000 on the revolving loan from ALC pursuant to a Loan Agreement and Note issued by GCaH for the benefit of ALC. GCaH is obligated to pay back any and all monies drawn on the revolving loan on or before January 1, 2030.

Feasibility Study: As a part of becoming approved by the Maryland Department of Aging to begin operations for this program, ALC undertook a feasibility study to determine the scope and nature of the market demand for the GCaH product. The feasibility study's survey collected information through mail, telephone and focus group venues, as well as analysis of demographic information. These efforts were conducted by a firm that specializes in market demand studies and the results indicated demand to be more than adequate. The second major component of the feasibility study was an economic analysis and projection which was performed by an actuarial firm. The goal was to gain an understanding of the economic adequacy of this program over a twenty year period. The results of this analysis indicated appropriate economics, indicating that this program is economically viable. This analysis projected a breakeven at the end of the third year of operations. This project involved no presale activity. The projected income state (**Exhibit C**), projected cash flows (**Exhibit D**), and projected balance sheet (**Exhibit E**) for GCaH are enclosed here.

INTERNAL GRIEVANCE PROCEDURE

GCaH has established an internal grievance procedure to address member grievances. A member, or a group of members collectively, may submit a grievance in writing to the Executive Director (or to a member of the Board of Directors if the complaint relates to the Executive Director), 4000 River Crescent Drive, Annapolis, MD 21401. GCaH will send a written acknowledgement to the member or group of members within five (5) days after receipt of the written grievance. GCaH will assign personnel to investigate the grievance. A member, or group of members, who files a written grievance is entitled to a meeting with management of GCaH within thirty (30) days after receipt of the written grievance in order to present the grievance. GCaH will provide a response within forty-five (45) days after receipt of the written grievance as to the investigation and resolution of the grievance.

Within thirty (30) days after GCaH provides its response to the grievance, a member, group of members, or GCaH may seek mediation through one of the community mediation centers in the State or another mediation provider. If a member, group of members, or GCaH seek mediation under the preceding sentence, the mediation shall be non-binding.

III. EXHIBITS

EXHIBIT A: FEE SCHEDULES



Ginger Cove At Home Platinum Plan Pricing

July 1, 2025- June 30, 2026

Age at Joining	Platinum 90% Refund					Platinum 0% Refund			
	Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees		Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees
60	\$90,945	\$79,577	\$862	\$819		\$61,388	\$53,431	\$862	\$819
61	\$101,177	\$89,240	\$862	\$819		\$66,845	\$58,091	\$862	\$819
62	\$111,408	\$98,903	\$862	\$819		\$72,301	\$62,752	\$862	\$819
63	\$121,639	\$108,565	\$862	\$819		\$77,758	\$67,413	\$862	\$819
64	\$131,870	\$118,229	\$862	\$819		\$83,215	\$72,074	\$862	\$819
65	\$142,102	\$127,892	\$862	\$819		\$88,671	\$76,735	\$862	\$819
66	\$153,470	\$138,122	\$862	\$819		\$93,219	\$80,146	\$862	\$819
67	\$164,838	\$148,354	\$862	\$819		\$97,766	\$83,555	\$862	\$819
68	\$176,206	\$158,585	\$862	\$819		\$102,313	\$86,966	\$862	\$819
69	\$187,575	\$168,817	\$862	\$819		\$106,860	\$90,376	\$862	\$819
70	\$198,943	\$179,048	\$862	\$819		\$111,408	\$93,787	\$862	\$819
71	\$215,994	\$191,553	\$862	\$819		\$115,045	\$96,630	\$862	\$819
72	\$233,047	\$204,058	\$862	\$819		\$118,683	\$99,471	\$862	\$819
73	\$250,099	\$216,563	\$862	\$819		\$122,321	\$102,313	\$862	\$819
74	\$267,151	\$229,067	\$862	\$819		\$125,959	\$105,155	\$862	\$819
75	\$284,203	\$241,573	\$862	\$819		\$129,597	\$107,998	\$862	\$819
76	\$303,529	\$255,783	\$862	\$819		\$133,234	\$110,271	\$862	\$819
77	\$322,855	\$269,993	\$862	\$819		\$136,872	\$112,545	\$862	\$819
78	\$342,181	\$284,203	\$862	\$819		\$140,510	\$114,819	\$862	\$819
79	\$361,506	\$298,414	\$862	\$819		\$144,148	\$117,092	\$862	\$819
80	\$380,833	\$312,624	\$862	\$819		\$147,786	\$119,366	\$862	\$819
81	\$405,843	\$327,971	\$862	\$819		\$150,059	\$119,593	\$862	\$819
82	\$430,852	\$343,317	\$862	\$819		\$152,333	\$119,821	\$862	\$819
83	\$455,862	\$358,778	\$862	\$819		\$154,607	\$120,047	\$862	\$819
84	\$480,872	\$374,012	\$862	\$819		\$156,880	\$120,275	\$862	\$819
85	\$505,882	\$389,359	\$862	\$819		\$159,154	\$120,502	\$862	\$819
86	\$533,166	\$404,705	\$862	\$819		\$160,518	\$120,730	\$862	\$819
87	\$560,449	\$420,052	\$862	\$819		\$161,882	\$120,957	\$862	\$819
88	\$587,733	\$435,400	\$862	\$819		\$163,246	\$121,185	\$862	\$819
89	\$615,016	\$450,746	\$862	\$819		\$164,610	\$121,412	\$862	\$819
90	\$642,300	\$466,093	\$862	\$819		\$165,975	\$121,639	\$862	\$819
91	\$668,650	\$478,375	\$862	\$819		\$167,216	\$121,663	\$862	\$819
92	\$698,750	\$489,125	\$862	\$819		\$168,399	\$121,690	\$862	\$819
93	\$725,625	\$502,563	\$862	\$819		\$169,581	\$121,717	\$862	\$819
94	\$752,500	\$513,313	\$862	\$819		\$170,764	\$121,717	\$862	\$819
95	\$784,750	\$529,438	\$862	\$819		\$171,893	\$121,717	\$862	\$819



Ginger Cove At Home Gold Plan Pricing

July 1, 2025- June 30, 2026

Age at Joining	Gold 90% Refund					Gold 0% Refund			
	Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees		Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees
60	\$81,851	\$71,051	\$746	\$709		\$52,293	\$45,473	\$746	\$709
61	\$90,490	\$77,872	\$746	\$709		\$57,295	\$48,883	\$746	\$709
62	\$99,130	\$84,693	\$746	\$709		\$62,297	\$52,293	\$746	\$709
63	\$107,770	\$91,514	\$746	\$709		\$67,299	\$55,704	\$746	\$709
64	\$116,410	\$98,335	\$746	\$709		\$72,301	\$59,114	\$746	\$709
65	\$125,049	\$105,155	\$746	\$709		\$77,303	\$62,525	\$746	\$709
66	\$135,281	\$114,250	\$746	\$709		\$80,486	\$65,935	\$746	\$709
67	\$145,512	\$123,344	\$746	\$709		\$83,669	\$69,346	\$746	\$709
68	\$155,744	\$132,439	\$746	\$709		\$86,852	\$72,756	\$746	\$709
69	\$165,975	\$141,533	\$746	\$709		\$90,036	\$76,167	\$746	\$709
70	\$176,206	\$150,628	\$746	\$709		\$93,219	\$79,577	\$746	\$709
71	\$189,848	\$161,427	\$746	\$709		\$96,856	\$82,078	\$746	\$709
72	\$203,490	\$172,227	\$746	\$709		\$100,494	\$84,579	\$746	\$709
73	\$217,132	\$183,027	\$746	\$709		\$104,132	\$87,080	\$746	\$709
74	\$230,773	\$193,827	\$746	\$709		\$107,770	\$89,581	\$746	\$709
75	\$244,415	\$204,626	\$746	\$709		\$111,408	\$92,082	\$746	\$709
76	\$260,331	\$216,563	\$746	\$709		\$114,136	\$93,559	\$746	\$709
77	\$276,246	\$228,500	\$746	\$709		\$116,864	\$95,038	\$746	\$709
78	\$292,161	\$240,436	\$746	\$709		\$119,593	\$96,516	\$746	\$709
79	\$308,077	\$252,372	\$746	\$709		\$122,321	\$97,994	\$746	\$709
80	\$323,992	\$264,309	\$746	\$709		\$125,049	\$99,471	\$746	\$709
81	\$343,317	\$276,814	\$746	\$709		\$127,323	\$100,040	\$746	\$709
82	\$362,644	\$289,319	\$746	\$709		\$129,597	\$100,608	\$746	\$709
83	\$381,969	\$301,823	\$746	\$709		\$131,870	\$101,177	\$746	\$709
84	\$401,295	\$314,329	\$746	\$709		\$134,144	\$101,744	\$746	\$709
85	\$420,621	\$326,833	\$746	\$709		\$136,418	\$102,313	\$746	\$709
86	\$443,357	\$339,339	\$746	\$709		\$137,555	\$102,086	\$746	\$709
87	\$466,093	\$351,843	\$746	\$709		\$138,691	\$101,858	\$746	\$709
88	\$488,829	\$364,349	\$746	\$709		\$139,828	\$102,086	\$746	\$709
89	\$511,566	\$376,853	\$746	\$709		\$140,965	\$102,313	\$746	\$709
90	\$534,302	\$389,359	\$746	\$709		\$142,102	\$102,541	\$746	\$709
91	\$556,850	\$399,900	\$746	\$709		\$142,868	\$102,609	\$746	\$709
92	\$581,575	\$408,500	\$746	\$709		\$143,728	\$102,663	\$746	\$709
93	\$604,150	\$419,788	\$746	\$709		\$144,695	\$102,716	\$746	\$709
94	\$625,650	\$428,925	\$746	\$709		\$145,555	\$102,770	\$746	\$709
95	\$652,525	\$442,363	\$746	\$709		\$146,630	\$102,824	\$746	\$709



Ginger Cove At Home Silver Plan Pricing

July 1, 2025- June 30, 2026

Age at Joining	Silver 90% Refund					Silver 0% Refund			
	Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees		Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees
60	\$68,209	\$48,315	\$575	\$545		\$45,473	\$32,968	\$575	\$545
61	\$73,893	\$53,998	\$575	\$545		\$47,746	\$35,469	\$575	\$545
62	\$79,577	\$59,683	\$575	\$545		\$50,020	\$37,970	\$575	\$545
63	\$85,261	\$65,366	\$575	\$545		\$52,293	\$40,471	\$575	\$545
64	\$90,945	\$71,051	\$575	\$545		\$54,567	\$42,972	\$575	\$545
65	\$96,630	\$65,480	\$575	\$545		\$56,841	\$45,473	\$575	\$545
66	\$104,587	\$82,419	\$575	\$545		\$59,569	\$47,746	\$575	\$545
67	\$112,545	\$88,103	\$575	\$545		\$62,297	\$50,020	\$575	\$545
68	\$120,502	\$93,787	\$575	\$545		\$65,026	\$52,293	\$575	\$545
69	\$128,460	\$99,471	\$575	\$545		\$67,754	\$54,567	\$575	\$545
70	\$136,418	\$105,155	\$575	\$545		\$70,482	\$56,841	\$575	\$545
71	\$145,512	\$112,545	\$575	\$545		\$72,756	\$58,546	\$575	\$545
72	\$154,607	\$119,933	\$575	\$545		\$75,030	\$60,252	\$575	\$545
73	\$163,701	\$127,323	\$575	\$545		\$77,303	\$61,957	\$575	\$545
74	\$172,796	\$134,713	\$575	\$545		\$79,577	\$63,662	\$575	\$545
75	\$181,890	\$142,102	\$575	\$545		\$81,851	\$65,366	\$575	\$545
76	\$194,395	\$150,628	\$575	\$545		\$84,124	\$66,163	\$575	\$545
77	\$206,900	\$159,154	\$575	\$545		\$86,398	\$66,959	\$575	\$545
78	\$219,405	\$167,680	\$575	\$545		\$88,671	\$67,754	\$575	\$545
79	\$231,910	\$176,206	\$575	\$545		\$90,945	\$68,550	\$575	\$545
80	\$244,415	\$184,732	\$575	\$545		\$93,219	\$69,346	\$575	\$545
81	\$259,193	\$194,963	\$575	\$545		\$94,583	\$69,801	\$575	\$545
82	\$273,972	\$205,195	\$575	\$545		\$95,947	\$70,256	\$575	\$545
83	\$288,750	\$215,426	\$575	\$545		\$97,311	\$70,710	\$575	\$545
84	\$303,529	\$225,658	\$575	\$545		\$98,675	\$71,165	\$575	\$545
85	\$318,308	\$235,888	\$575	\$545		\$100,040	\$71,620	\$575	\$545
86	\$335,360	\$243,847	\$575	\$545		\$100,949	\$71,847	\$575	\$545
87	\$352,412	\$251,804	\$575	\$545		\$101,858	\$72,074	\$575	\$545
88	\$369,465	\$259,762	\$575	\$545		\$102,768	\$72,301	\$575	\$545
89	\$386,516	\$267,719	\$575	\$545		\$103,677	\$72,529	\$575	\$545
90	\$403,569	\$275,677	\$575	\$545		\$104,587	\$72,756	\$575	\$545
91	\$420,325	\$282,725	\$575	\$545		\$105,243	\$72,831	\$575	\$545
92	\$439,675	\$289,175	\$575	\$545		\$105,995	\$72,885	\$575	\$545
93	\$456,875	\$297,238	\$575	\$545		\$106,748	\$72,939	\$575	\$545
94	\$474,075	\$303,688	\$575	\$545		\$107,285	\$72,993	\$575	\$545
95	\$494,500	\$313,363	\$575	\$545		\$107,823	\$73,046	\$575	\$545

Ginger Cove At Home - Disclosure Statement

Reviewed 3/6/26



Ginger Cove At Home Bronze Plan Pricing

July 1, 2025- June 30, 2026

Age at Joining	Bronze 90% Refund					Bronze 0% Refund			
	Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees		Single Entrance Fees	Couple Entrance Fees Per-Person	Single Monthly Fees	Couple Per-Person Monthly Fees
60	\$11,368	\$6,821	\$525	\$498		\$5,685	\$5,116	\$525	\$498
61	\$16,370	\$9,777	\$525	\$498		\$9,095	\$6,821	\$525	\$498
62	\$21,372	\$12,732	\$525	\$498		\$12,505	\$8,526	\$525	\$498
63	\$26,374	\$15,689	\$525	\$498		\$15,915	\$10,232	\$525	\$498
64	\$31,376	\$18,644	\$525	\$498		\$19,326	\$11,937	\$525	\$498
65	\$36,378	\$21,600	\$525	\$498		\$22,736	\$13,642	\$525	\$498
66	\$42,744	\$25,238	\$525	\$498		\$25,465	\$15,234	\$525	\$498
67	\$49,110	\$28,876	\$525	\$498		\$28,193	\$16,825	\$525	\$498
68	\$55,476	\$32,513	\$525	\$498		\$30,921	\$18,417	\$525	\$498
69	\$61,843	\$36,151	\$525	\$498		\$33,650	\$20,008	\$525	\$498
70	\$68,209	\$39,789	\$525	\$498		\$36,378	\$21,600	\$525	\$498
71	\$73,893	\$44,904	\$525	\$498		\$38,197	\$23,191	\$525	\$498
72	\$79,577	\$50,020	\$525	\$498		\$40,016	\$24,783	\$525	\$498
73	\$85,261	\$55,136	\$525	\$498		\$41,835	\$26,374	\$525	\$498
74	\$90,945	\$60,252	\$525	\$498		\$43,654	\$27,966	\$525	\$498
75	\$96,630	\$65,366	\$525	\$498		\$45,473	\$29,557	\$525	\$498
76	\$104,587	\$72,187	\$525	\$498		\$46,837	\$30,694	\$525	\$498
77	\$112,545	\$79,008	\$525	\$498		\$48,201	\$31,831	\$525	\$498
78	\$120,502	\$85,829	\$525	\$498		\$49,565	\$32,968	\$525	\$498
79	\$128,460	\$92,650	\$525	\$498		\$50,929	\$34,104	\$525	\$498
80	\$136,418	\$99,471	\$525	\$498		\$52,293	\$35,242	\$525	\$498
81	\$145,512	\$104,587	\$525	\$498		\$53,658	\$36,151	\$525	\$498
82	\$154,607	\$109,703	\$525	\$498		\$55,022	\$37,061	\$525	\$498
83	\$163,701	\$114,819	\$525	\$498		\$56,386	\$37,970	\$525	\$498
84	\$172,796	\$119,933	\$525	\$498		\$57,750	\$38,880	\$525	\$498
85	\$181,890	\$125,049	\$525	\$498		\$59,114	\$39,789	\$525	\$498
86	\$195,532	\$130,165	\$525	\$498		\$60,252	\$40,016	\$525	\$498
87	\$209,174	\$135,281	\$525	\$498		\$61,388	\$40,244	\$525	\$498
88	\$222,815	\$140,396	\$525	\$498		\$62,525	\$40,471	\$525	\$498
89	\$236,457	\$145,512	\$525	\$498		\$63,662	\$40,698	\$525	\$498
90	\$250,099	\$150,628	\$525	\$498		\$64,799	\$40,925	\$525	\$498
91	\$260,150	\$155,875	\$525	\$498		\$65,468	\$41,065	\$525	\$498
92	\$271,975	\$161,250	\$525	\$498		\$66,113	\$41,119	\$525	\$498
93	\$283,800	\$166,625	\$525	\$498		\$66,650	\$41,173	\$525	\$498
94	\$295,625	\$172,000	\$525	\$498		\$67,188	\$41,226	\$525	\$498
95	\$308,525	\$177,375	\$525	\$498		\$67,833	\$41,280	\$525	\$498

EXHIBIT B: AUDITED FINANCIAL STATEMENT

Annapolis Life Care, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2025 and 2024

Annapolis Life Care, Inc. and Subsidiaries

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Annapolis Life Care, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Annapolis Life Care, Inc. and Subsidiaries (the Organization), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations and changes in net deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets (deficit) of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
October 8, 2025

Annapolis Life Care, Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,909,940	\$ 4,584,147
Current portion of assets whose use is limited	1,003,948	797,113
Accounts receivable, residents, net	1,319,094	1,947,994
Notes receivable, residents	-	124,315
Prepaid expenses and other current assets	1,039,893	809,339
Total current assets	9,272,875	8,262,908
Assets Whose Use is Limited, Net	11,088,016	9,953,638
Investments	21,922,616	19,676,428
Property and Equipment, Net	73,653,738	75,052,916
Derivative Financial Instruments	364,419	1,331,272
Total assets	<u>\$ 116,301,664</u>	<u>\$ 114,277,162</u>
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Current maturities of long-term debt	\$ 1,143,000	\$ 1,098,000
Accounts payable	1,720,565	1,206,735
Accrued expenses	862,835	694,506
Entrance fee refunds payable	938,312	828,358
Entrance fee deposits	976,373	962,121
Current portion of charitable gift annuities	32,725	35,283
Total current liabilities	5,673,810	4,825,003
Charitable Gift Annuities, Net	152,596	162,899
Long-Term Debt, Net	41,423,974	42,554,929
Refundable Entrance Fees	111,809,405	108,351,078
Deferred Revenues From Entrance Fees	6,961,980	6,583,498
Estimated Obligation to Provide Future Services and Use of Facilities	8,220,000	11,079,000
Total liabilities	<u>174,241,765</u>	<u>173,556,407</u>
Net Assets (Deficit)		
Without donor restrictions	(61,962,113)	(62,751,501)
With donor restrictions	4,022,012	3,472,256
Total net deficit	<u>(57,940,101)</u>	<u>(59,279,245)</u>
Total liabilities and net deficit	<u>\$ 116,301,664</u>	<u>\$ 114,277,162</u>

See notes to consolidated financial statements

Annapolis Life Care, Inc. and Subsidiaries

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

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues Without Donor Restrictions						
Net resident service revenue	\$ 27,411,214	\$ -	\$ 27,411,214	\$ 24,404,974	\$ -	\$ 24,404,974
Amortization of entrance fees	1,527,880	-	1,527,880	1,279,629	-	1,279,629
Other revenue	262,803	-	262,803	260,137	-	260,137
Net assets released from restriction	174,544	(174,544)	-	284,663	(284,663)	-
Total revenues without donor restrictions	29,376,441	(174,544)	29,201,897	26,229,403	(284,663)	25,944,740
Expenses						
Resident care	9,831,216	-	9,831,216	8,588,496	-	8,588,496
Depreciation	5,701,658	-	5,701,658	4,723,369	-	4,723,369
General and administrative	5,065,866	-	5,065,866	5,151,212	-	5,151,212
Dietary	5,378,945	-	5,378,945	4,953,370	-	4,953,370
Plant operations	3,642,627	-	3,642,627	3,437,718	-	3,437,718
Interest	1,744,587	-	1,744,587	1,795,428	-	1,795,428
Housekeeping	1,795,375	-	1,795,375	1,658,473	-	1,658,473
Fundraising	43,486	-	43,486	114,155	-	114,155
Provision for expected credit losses	40,525	-	40,525	1,834,074	-	1,834,074
Total expenses	33,244,285	-	33,244,285	32,256,295	-	32,256,295
Operating loss	(3,867,844)	(174,544)	(4,042,388)	(6,026,892)	(284,663)	(6,311,555)
Nonoperating Revenue (Expenses)						
Contributions	22,405	1,500	23,905	194,634	20,700	215,334
Interest and dividends	612,177	79,554	691,731	461,630	79,121	540,751
Net realized gains on investments	1,483,627	81,446	1,565,073	493,504	170,234	663,738
Unrealized gains on investments	954,676	254,000	1,208,676	1,331,262	545,534	1,876,796
Change in fair value of derivative financial instruments	(966,853)	-	(966,853)	763,250	-	763,250
Change in obligation to provide future services and use of facilities	2,859,000	-	2,859,000	(4,553,000)	-	(4,553,000)
Loss on disposal of property and equipment	-	-	-	(21,942)	-	(21,942)
Nonoperating revenue (expense)	4,965,032	416,500	5,381,532	(1,330,662)	815,589	(515,073)
Revenues (less than) in excess of expenses	1,097,188	241,956	1,339,144	(7,357,554)	530,926	(6,826,628)
Other Changes in Net Assets						
Reclassification of unrestricted net asset to restricted	(307,800)	307,800	-	-	-	-
Change in net assets (deficit)	789,388	549,756	1,339,144	(7,357,554)	530,926	(6,826,628)
Net (Deficit) Assets, Beginning	<u>(62,751,501)</u>	<u>3,472,256</u>	<u>(59,279,245)</u>	<u>(55,393,947)</u>	<u>2,941,330</u>	<u>(52,452,617)</u>
Net (Deficit) Assets, Ending	<u>\$ (61,962,113)</u>	<u>\$ 4,022,012</u>	<u>\$ (57,940,101)</u>	<u>\$ (62,751,501)</u>	<u>\$ 3,472,256</u>	<u>\$ (59,279,245)</u>

See notes to consolidated financial statements

Annapolis Life Care, Inc. and Subsidiaries

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

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets (deficit)	\$ 1,339,144	\$ (6,826,628)
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:		
Depreciation	5,701,658	4,723,369
Loss on disposal of property and equipment	-	21,942
Amortization of debt issuance costs	12,045	10,194
Provision for expected credit losses	40,525	1,834,074
Proceeds from nonrefundable entrance fees	1,906,362	2,432,090
Amortization of entrance fees	(1,527,880)	(1,279,629)
Net realized and unrealized gains on investments	(2,773,749)	(2,540,534)
Change in fair value of derivative financial instruments	966,853	(763,250)
Change in value of charitable gift annuities	(12,861)	(28,841)
Estimated obligation to provide future services and use of facilities	(2,859,000)	4,553,000
Changes in assets and liabilities:		
Accounts receivable, resident	588,375	(658,002)
Prepaid expenses and other current assets	(230,554)	70,417
Accounts payable	513,830	(857,306)
Accrued expenses	168,329	(277,694)
Net cash provided by operating activities	<u>3,833,077</u>	<u>413,202</u>
Cash Flows From Investing Activities		
Net purchases of investments and assets whose use is limited	(514,283)	(754,302)
Purchase of property and equipment	(4,302,480)	(8,501,409)
Net cash used in investing activities	<u>(4,816,763)</u>	<u>(9,255,711)</u>
Cash Flows From Financing Activities		
Repayment of long-term debt	(1,098,000)	(1,049,000)
Increase (decrease) in entrance fee deposits	14,252	(64,056)
Proceeds from refundable entrance fees	14,965,097	19,534,955
Refunds of entrance fees	(11,272,501)	(12,150,690)
Net cash provided by financing activities	<u>2,608,848</u>	<u>6,271,209</u>
Net change in cash, cash equivalents and restricted cash and cash equivalents	1,625,162	(2,571,300)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	<u>5,520,244</u>	<u>8,091,544</u>
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	<u>\$ 7,145,406</u>	<u>\$ 5,520,244</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	\$ 5,909,940	\$ 4,584,147
Cash and cash equivalents include in assets whose use is limited	<u>1,235,466</u>	<u>936,097</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 7,145,406</u>	<u>\$ 5,520,244</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 1,747,727</u>	<u>\$ 1,816,124</u>

See notes to consolidated financial statements

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. Nature of Organization and Summary of Significant Accounting Policies

Organization and its Affiliates

Annapolis Life Care, Inc. (ALC) was incorporated on May 31, 1982, as a nonprofit, nonstock Maryland corporation. ALC was established to operate a life care retirement community known as Ginger Cove for individuals 60 years of age or older and consists of 232 independent living (IL) units, 71 assisted living (AL) units, including 15 memory care units, and a 55-bed health (long-term) care facility situated on 30 acres in Anne Arundel County, Maryland.

Ginger Cove Home Health Care, LLC (Ginger Cove HHC) (a single-member LLC) was organized in 2024 as a limited liability company under the Maryland Liability Company Act and provides home health services to the residents of Ginger Cove. ALC is its sole member.

Ginger Cove Foundation Inc. (the Foundation) is a nonprofit, nonstock Maryland corporation and is qualified as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. The Foundation was established to support the Organization through development of funding sources. ALC is its sole member.

Ginger Cove at Home, LLC (Ginger Cove at Home) (a single-member LLC) was organized in 2023 as a limited liability company under the Maryland Liability Company Act. Ginger Cove at Home will provide services to individuals primarily in their home setting, but with rights to access certain services on the Ginger Cove campus. ALC is its sole member.

Principles of Consolidation

The consolidated financial statements include the accounts of ALC, Ginger Cove HHC, the Foundation and Ginger Cove at Home (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable, Residents

The Organization assesses collectability on all resident accounts prior to providing services. Resident accounts receivable are reported net of an allowance for credit losses, which represents the Organization's estimate of expected losses as of the consolidated balance sheets date. The adequacy of the allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivables portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance as necessary. The allowance for credit losses was approximately \$154,000 and \$166,000 as of June 30, 2025 and 2024, respectively.

The Organization's beginning and ending accounts receivable, resident balances are separately presented on the consolidated balance sheets as of June 30, 2025 and 2024. Accounts receivable, residents were \$3,039,275 as of July 1, 2024.

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Notes Receivable, Residents

Notes receivable, residents include amounts due from residents residing in the IL units who, based on contractual agreements, have been permitted an extended period of time to deposit their entrance fees.

Investments, Assets Whose Use is Limited and Investment Risk

Investments primarily include assets set aside for the general use and purposes of the Organization.

Assets whose use is limited primarily include assets set aside to meet statutory minimum liquid reserve requirements, assets whose use by the Organization is limited to providing financial assistance to residents and resident entrance fee deposits.

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

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

Charitable Gift Annuities

The Organization has a number of charitable gift annuities. The liability to the annuitants has been discounted to its present value, taking into consideration the life expectancy of the annuitant. The difference between the annuitant's gift and the liability to the annuitant is recorded as a restricted contribution in the year of the gift. These gift annuities provide for a series of periodic payments during the annuitants' or beneficiaries' lives.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 to 40 years).

Donations of property and equipment are reported at fair value as a change in net deficit without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted income. Net assets with donor restrictions are reclassified and reported as a change in net deficit without donor restrictions when an asset is purchased with the donated funds and placed in service.

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

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Debt Issuance Costs

Costs incurred in connection with the issuance of long-term debt are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method, and are presented in the consolidated balance sheets as a direct reduction of long-term debt. Amortization expense was \$12,045 and \$10,194 during 2025 and 2024, respectively.

Residency Agreement and Entrance Fees

IL residents are required to enter into a Residency Agreement (the Agreement) upon admission to one of ALC's IL units. Under the Agreement, the resident agrees to pay an entrance fee for the IL unit selected, which varies based on the type and size of the IL unit and the entrance fee option selected by the resident.

Upon payment of the full entrance fee, plus payment of a monthly fee, the resident is entitled to possession of the IL unit for the duration of the resident's life or until the resident's physical or cognitive condition requires transfer to another level of care.

ALC offers both life care (Type A) and fee-for-service (Type C) contracts to its IL residents. Under the Type A contracts, IL residents continue to pay the applicable monthly fee for their IL unit, plus a fee for additional meals, after permanent transfer to AL or health care. Under the Type C contracts, upon permanent transfer to AL or health care, residents pay the market daily rates for those levels of care. The majority of ALC's residents have Type A contracts. A description of the services not covered or included in the entrance fee and monthly fee is provided to residents upon admission.

ALC offers three entrance fee plans to prospective residents, a nonrefundable plan, a 90% refundable plan and a 50% refundable plan. The nonrefundable plan has no guaranteed refund component and is refundable on a decreasing basis at a rate of 4% for the first month of occupancy and 2% per month for each full or partial month of occupancy for the next 48 months; after 49 months of occupancy, no refund is due or payable. The 90% refundable plan has a guaranteed refund component, which is 90% of the entrance fee paid. The 50% refundable plan has a guaranteed refund component, which is 50% of the entrance fee paid. Entrance fees are refundable on a decreasing basis at a rate of 3% for the first month of occupancy and 1% per month for each full or partial month of occupancy for the next 47 months; after 48 months of occupancy, 50% of the entrance fee will be due or payable upon termination of the Residency Agreement. The majority of ALC's residents have selected the 90% refundable plan.

Any applicable entrance fee refund is generally paid within 60 days of the IL unit occupied by the resident being reoccupied by another resident and the entrance fee for the IL unit being paid in full by the reoccupying resident. However, entrance fee refunds are not paid until a resident is no longer occupying an IL, AL or health care unit at Ginger Cove.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees and deposits in the consolidated balance sheets. The balance of entrance fees received is classified as deferred revenues from entrance fees in the consolidated balance sheets and is amortized to income over the annually adjusted actuarially determined life expectancy of the residents using the straight-line method, which approximates the period of time that goods and services under the Agreements are expected to be transferred to residents.

Amortization of nonrefundable entrance fees was \$1,527,880 and \$1,279,629 for the years ended June 30, 2025 and 2024, respectively. A significant portion of amortization revenue in 2025 and 2024 was included in deferred revenues from entrance fees as of the beginning of each year.

Contractual refund obligations under the Agreements approximated \$113,000,000 and \$109,000,000 at June 30, 2025 and 2024, respectively.

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

As noted above, the Organization pays refunds once the resident is no longer occupying an IL, AL or healthcare unit at Ginger Cover. Accordingly, the Organization has a refundable liability of approximately \$17,678,000 and \$18,552,000, as of June 30, 2025 and 2024, respectively, related to residents who have permanently transferred to AL or health care and their IL unit has been reoccupied. Refunds of these amounts would be paid from the Organization's investments when they become due.

Derivative Financial Instruments

ALC entered into interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on certain components of its long-term debt. The interest rate swap agreements are reported at fair value and classified as derivative financial instruments in the consolidated balance sheets. Related changes in fair value are reported in the consolidated statements of operations and changes in net deficit.

Net Assets (Deficit)

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

Net Deficit Without Donor Restrictions - This classification includes amounts not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net deficit without donor restrictions.

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

Net Resident Service Revenue

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

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

Annapolis Life Care, Inc. and Subsidiaries

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

The Organization receives revenue for health care services under third-party payor programs, including Medicare and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends. Retroactive adjustments are recognized in future periods as final settlements are determined.

Obligation to Provide Future Services and Use of Facilities

The Organization engages an independent actuary annually to calculate the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenues from entrance fees. Based upon the actuarial calculations performed as of June 30, 2025 and 2024, the present value of the net cost of future services and the use of facilities, based on a discount rate of 5%, exceeded the balance of deferred revenues from entrance fees. Based upon these calculations, and the analysis of management, the liability for the obligation to provide future services and use of facilities was \$8,220,000 and \$11,079,000 at June 30, 2025 and 2024, respectively.

Income Tax Status

ALC and the Foundation have been recognized by the Internal Revenue Services as not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on their exempt income under Section 509(a) of the Code. Ginger Cove HHC and Ginger Cove at Home, as single member limited liability companies, are considered "disregarded entities" for federal tax purposes. Accordingly, any tax transactions are reported by ALC.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not being sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold as of June 30, 2025 or 2024.

Revenues (Less Than) in Excess of Expenses

The consolidated statements of operations and changes in net deficit include the determination of revenues (less than) in excess of expenses (the performance indicator). Operating loss includes only those operating revenues and expenses that are an integral part of the Organization's program activities and net assets released from donor restrictions to support operating expenditures. Revenues (less than) in excess of expenses include all operating activities, as well as investment income, contributions, the change in fair value of derivative financial instruments and other nonoperating revenues and expenses.

Changes in net deficit without donor restrictions which are excluded from revenues (less than) in excess of expenses, consistent with industry practice, include reclassifications between net asset classes (Note 8) and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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Reclassifications

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

Subsequent Events

The Organization evaluated subsequent events for recognition or disclosure through October 8, 2025, the date the consolidated financial statements were issued.

2. Liquidity and Available Resources

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 5,909,940	\$ 4,584,147
Accounts receivable, residents, net	1,319,094	1,947,994
Investments	21,922,616	19,676,428
Notes receivable, residents	-	124,315
Total	<u>\$ 29,151,650</u>	<u>\$ 26,332,884</u>

The Organization's assets whose use is limited are generally not available for general expenditure within the next year and are not reflected in the amounts above.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

3. Net Resident Service Revenue

The Organization disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenue consists of the following for the years ended June 30:

	<u>2025</u>			
	<u>Independent Living</u>	<u>Assisted Living</u>	<u>Health Care</u>	<u>Total</u>
Private pay	\$ 17,438,868	\$ 4,073,361	\$ 3,953,731	\$ 25,465,960
Medicare A and B	-	-	1,874,014	1,874,014
Commercial and other	-	-	71,240	71,240
Total	<u>\$ 17,438,868</u>	<u>\$ 4,073,361</u>	<u>\$ 5,898,985</u>	<u>\$ 27,411,214</u>
	<u>2024</u>			
	<u>Independent Living</u>	<u>Assisted Living</u>	<u>Health Care</u>	<u>Total</u>
Private pay	\$ 15,812,766	\$ 3,530,196	\$ 3,354,121	\$ 22,697,083
Medicare A and B	-	-	1,700,239	1,700,239
Commercial and other	-	-	7,652	7,652
Total	<u>\$ 15,812,766</u>	<u>\$ 3,530,196</u>	<u>\$ 5,062,012</u>	<u>\$ 24,404,974</u>

Annapolis Life Care, Inc. and Subsidiaries

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ALC has an agreement with the Medicare program that provides for payments at amounts different from established rates. Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on ALC's clinical assessment of its residents. ALC is required to clinically assess its residents at predetermined time periods throughout the year which are subject to review and adjustment by Medicare program.

Contract Balances

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

The Organization's beginning and ending contract liabilities are separately presented on the consolidated balance sheets as of June 30, 2025 and 2024. The Organization does not have any contract assets. The Organization's contract liability as of July 1, 2024 is as follows:

Deferred revenues from entrance fees \$ 5,431,037

4. Assets Whose Use is Limited, Investments, Fair Value and Other Financial Instruments

Investments and assets whose use is limited are classified on the consolidated balance sheets as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Assets whose use is limited, current		
Residency agreements - wait list deposits	\$ 1,003,948	\$ 797,113
Assets whose use is limited, noncurrent		
Donor restricted, less pledge receivable	4,022,012	3,465,456
Charitable gift annuities	185,321	198,182
Operating reserve, Maryland Department of Aging (Note 5)	6,880,683	6,290,000
Total assets whose use is limited, noncurrent	11,088,016	9,953,638
Investments	21,922,616	19,676,428
Total	<u>\$ 34,014,580</u>	<u>\$ 30,427,179</u>

Investment return (restricted and unrestricted) is comprised of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Investment income:		
Interest and dividends	\$ 691,731	\$ 540,751
Net realized gain on investments	1,565,073	663,738
Total	<u>\$ 2,256,804</u>	<u>\$ 1,204,489</u>
Unrealized gains on investments	<u>\$ 1,208,676</u>	<u>\$ 1,876,796</u>

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Notes to Consolidated Financial Statements

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

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs.

The Organization has no financial assets or liabilities measured on a nonrecurring basis.

The following tables present financial instruments measured at fair value as of June 30, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments and assets whose use is limited:				
Equity securities	\$ 292,943	\$ -	\$ -	\$ 292,943
Mutual funds, equity	17,703,937	-	-	17,703,937
Exchange-traded funds, equity	1,830,610	-	-	1,830,610
Mutual funds, fixed income	12,016,548	-	-	12,016,548
Exchange-traded funds, fixed income	157,945	-	-	157,945
Total	32,001,983	-	-	32,001,983
Derivative financial instruments	-	364,419	-	364,419
Total	\$ 32,001,983	\$ 364,419	\$ -	\$ 32,366,402

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

	2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments and assets whose use is limited:				
Equity securities	\$ 279,433	\$ -	\$ -	\$ 279,433
Mutual funds, equity	10,316,452	-	-	10,316,452
Exchange-traded funds, equity	1,494,174	-	-	1,494,174
Mutual funds, fixed income	11,001,942	-	-	11,001,942
Exchange-traded funds, fixed income	148,908	-	-	148,908
Total	23,240,909	-	-	23,240,909
Derivative financial instruments	-	1,331,272	-	1,331,272
Total	<u>\$ 23,240,909</u>	<u>\$ 1,331,272</u>	<u>\$ -</u>	<u>\$ 24,572,181</u>

The following methods were used by the Organization in estimating the fair value of its financial instruments. There have been no changes in the methodologies used as of June 30, 2025 or 2024:

Equity Securities, Mutual Funds, Exchange-traded Funds - Fair values are based on quoted market prices in active markets.

Derivative Financial Instruments (Interest Rate Swap Agreements) - Fair values are based on information provided by a third party. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments. The method used to determine fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Organization would receive if the interest rate swap agreements were terminated.

Alternative investments are measured using the net asset value (NAV) and are accordingly excluded from the above table. The NAV of alternative investments is based on valuations provided by the administrators of the specific financial instrument. NAV is used as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a value significantly different than the NAV. If the practical expedient NAV is not as of the reporting entity's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security as of the valuation date. In using the NAV as a practical expedient, certain attributes of the investment, that may impact the fair value of the investment, are not considered in measuring fair value. These attributes include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date at NAV as well as any unfunded commitments.

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The following table presents a list of the assets measured at NAV as of June 30, 2025 and 2024:

2025				
Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
a) Summit Global Equity, Equity Series	\$ 201,659	\$ -	Bi-Monthly	5 days
b) Wellington Trust Company, NA CTF				
Enduring Asset	551,187	-	Daily	None
Other investments	24,285	-	-	-
Total	<u>\$ 777,131</u>	<u>\$ -</u>		
2024				
Investment/Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
a) Summit Global Equity, Equity Series	\$ 5,699,409	\$ -	Bi-Monthly	5 days
b) Wellington Trust Company, NA CTF				
Enduring Asset	505,200	-	Daily	None
Other investments	45,564	-	-	-
Total	<u>\$ 6,250,173</u>	<u>\$ -</u>		

- a) A multi manager pooled investment vehicle that will invest directly in publicly traded U.S. and non-U.S. equity securities or other pooled investment vehicles that invest in publicly traded U.S. and non-U.S. equity securities. Summit Solutions is a multi-advisor, commingled investment vehicle organized as a multi-series limited liability company under Delaware law. Summit Solutions currently consists of five separate series, each of which represents a separate pool of assets that will be managed by one or more investment advisers selected by Summit. The current Series are Domestic Equity, Global Equity, Fixed Income, Liquid Equity and Liquid Diversifiers.
- b) Wellington Trust Company, NA, CTF Enduring Assets Portfolio is a trust fund with the investment objective to seek attractive risk-adjusted returns by investing primarily in companies with long-lived physical assets that possess an advantaged competitive position and that exhibit low levels of earnings volatility.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The following table reconciles total investments and assets whose use is limited to the consolidated balance sheets:

	<u>2025</u>	<u>2024</u>
Investments and assets whose use is limited reported at fair value in the tables above	\$ 32,001,983	\$ 23,240,909
Cash and cash equivalents	1,235,466	936,097
Alternative investments measured at NAV	<u>777,131</u>	<u>6,250,173</u>
Total investments and assets whose use limited	<u>\$ 34,014,580</u>	<u>\$ 30,427,179</u>

5. Maryland Department of Aging Reserve Requirement

The Maryland Department of Aging requires providers of continuing care to maintain an operating reserve equal to 25% of net operating expenses, which for ALC is equal to total operating expenses, less depreciation and amortization for the most recent fiscal year for which an audited financial statement is available. The reserves must be kept in reasonably liquid form in the judgment of the provider.

ALC has fully funded the reserve with its investment portfolio. The reserve is included in noncurrent assets whose use is limited in the consolidated balance sheets. The reserve as of June 30, 2025 was calculated as follows:

Total operating expenses for fiscal year ended June 30, 2024	\$ 32,256,295
Less:	
Depreciation	(4,723,369)
Amortization of deferred financing costs	<u>(10,194)</u>
Net operating expense	27,522,732
	<u>25%</u>
Total reserve at June 30, 2025	<u>\$ 6,880,683</u>

6. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,735,917	\$ 3,735,917
Land improvements	4,275,745	4,268,245
Buildings and improvements	121,535,938	117,986,889
Equipment, furniture and fixtures	<u>11,650,713</u>	<u>11,069,130</u>
	141,198,313	137,060,181
Less accumulated depreciation	<u>(68,101,981)</u>	<u>(62,400,323)</u>
	73,096,332	74,659,858
Construction in progress	<u>557,406</u>	<u>393,058</u>
	<u>\$ 73,653,738</u>	<u>\$ 75,052,916</u>

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

7. Long-Term Debt

Series 2018 Bonds

In August 2018, the Maryland Health and Higher Educational Facilities Authority issued, on behalf of ALC, its Series 2018A Revenue Bond for \$39,981,000 and its Series 2018B Revenue Bond for \$10,000,000 (collectively, the Series 2018 Bonds). The proceeds from the Series 2018A Revenue Bond were used to refinance existing long-term debt. The proceeds from the Series 2018B Revenue Bond were used to finance capital improvements.

The Series 2018 Revenue Bonds are due in varying monthly installments, plus interest equal to 81% of the sum of the one-month Secured Overnight Financing Rate (SOFR) plus 1.51% (4.73% at June 30, 2025), through maturity in September 2048.

Security

The Series 2018 Bonds are secured on a parity basis by a first mortgage lien on and security interest in ALC's property and equipment and a security interest in ALC's revenues, as defined in the applicable agreements. The Organization is also required to meet certain financial and operational covenants.

Interest Rate Swap Agreements

In July 2018, ALC entered into an interest rate swap agreement with an effective date of August 21, 2018 in connection with the Series 2018A Revenue Bond. The swap agreement expires on July 1, 2033. The notional amount under the swap agreement was \$33,851,000 at June 30, 2025. Under the terms of the swap agreement, ALC pays interest at a fixed rate of 2.878% and the swap counterparty makes payments to ALC based upon a floating rate equal to 81% of the sum of the one-month SOFR plus .11448% (3.587% at June 30, 2025).

In July 2018, ALC entered into an interest rate swap agreement with an effective date of January 1, 2021 in connection with the Series 2018B Revenue Bond. The swap agreement expires on July 1, 2033. The notional amount under the swap agreement was \$8,994,000 at June 30, 2025. Under the terms of the swap agreement, ALC pays interest at a fixed rate of 2.573% and the swap counterparty makes payments to ALC based upon a floating rate equal to 81% of the sum of the one-month SOFR plus .11448% (3.587% at June 30, 2025).

Payments to or from the counterparty to the swap agreements are classified as a component of interest expense. As of June 30, 2025 and 2024, the estimated fair value of the swap agreements was an asset of \$364,419 and \$1,331,272, respectively. Changes in the fair value of the swap agreements are included in revenues (less than) in excess of expenses in the consolidated statements of operations and changes in net deficit since the agreements are not designated as hedging instruments. The change in fair value was \$(966,853) and \$763,250 during 2025 and 2024, respectively.

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Long-Term Debt Summary

The following is a summary of long-term debt as of June 30:

	<u>2025</u>	<u>2024</u>
Series 2018A Bond	\$ 33,851,000	\$ 34,711,000
Series 2018B Bond	8,994,000	9,232,000
Total	42,845,000	43,943,000
Less:		
Debt issuance costs, net	278,026	290,071
Current maturities	1,143,000	1,098,000
Long-term debt	<u>\$ 41,423,974</u>	<u>\$ 42,554,929</u>

Scheduled annual principal payments required on long-term debt as of June 30, 2025 are as follows:

Years ending June 30:	
2026	\$ 1,143,000
2027	1,191,000
2028	1,234,000
2029	1,287,000
2030	1,338,000
Thereafter	36,652,000
Total	<u>\$ 42,845,000</u>

8. Net Assets With Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Friendship Fund	\$ 1,788,335	\$ 1,321,835
Ginger Cove Foundation Scholarship Fund	1,528,733	1,480,945
Other	704,944	669,476
Total	<u>\$ 4,022,012</u>	<u>\$ 3,472,256</u>

The Organization released approximately \$175,000 and \$285,000 for the years ended June 30, 2025 and 2024, respectively. These funds were utilized based on the intended use of the fund in which it was released.

9. Pension Plan

ALC sponsors a defined contribution pension plan for all eligible employees. Pension expense was approximately \$189,000 and \$161,000 during 2025 and 2024, respectively.

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

10. Medical Malpractice Claims Coverage

The Organization maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Organization's insurance coverages or will have a material adverse effect on the consolidated financial statements.

11. Contingencies

Senior Living Industry

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

Self-Insured Health Insurance

ALC sponsors a self-funded employee benefit plan to provide healthcare benefits and services for its eligible employees and their dependents. ALC contracts with an insurance company to provide certain administrative and other services in connection with the plan. ALC believes all costs related to this self-insurance program have been properly accounted for and accrued at June 30, 2025 and 2024.

Litigation

The Organization operates in an industry where various suits and claims arise in the normal course of business. The Organization maintains general and professional liability coverage on a claims-made basis through a commercial insurance carrier. Management is not currently aware of any claims that have been or will be asserted that will, after consideration of applicable insurance coverages, have a material adverse effect on the consolidated financial statements.

12. Concentrations of Credit Risk

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

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

Annapolis Life Care, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

13. Functional Expenses

The Organization provides housing and services to its residents. Expenses related to providing these services were as follows for the years ended:

	2025			
	Resident Services	General and Administrative	Fundraising	Total
Salaries and employee benefits	\$ 13,478,322	\$ 2,077,598	\$ -	\$ 15,555,920
Supplies	774,511	57,882	-	832,393
Maintenance and repairs	1,211,294	46,846	-	1,258,140
Utilities	1,288,301	-	-	1,288,301
Food	1,730,768	-	-	1,730,768
Contracted services	1,725,709	431,225	14,918	2,171,852
Provision for expected credit losses	40,525	-	-	40,525
Other	439,258	2,452,315	28,568	2,920,141
Interest	1,744,587	-	-	1,744,587
Depreciation	5,701,658	-	-	5,701,658
Total	<u>\$ 28,134,933</u>	<u>\$ 5,065,866</u>	<u>\$ 43,486</u>	<u>\$ 33,244,285</u>
	2024			
	Resident Services	General and Administrative	Fundraising	Total
Salaries and employee benefits	\$ 11,994,912	\$ 1,667,856	\$ 64,564	\$ 13,727,332
Supplies	785,711	32,965	1,127	819,803
Maintenance and repairs	1,207,447	67,430	-	1,274,877
Utilities	1,231,397	-	-	1,231,397
Food	1,593,397	-	-	1,593,397
Contracted services	1,370,121	319,293	9,164	1,698,578
Provision for expected credit losses	1,834,074	-	-	1,834,074
Other	455,072	3,063,668	39,300	3,558,040
Interest	1,795,428	-	-	1,795,428
Depreciation	4,723,369	-	-	4,723,369
Total	<u>\$ 26,990,928</u>	<u>\$ 5,151,212</u>	<u>\$ 114,155</u>	<u>\$ 32,256,295</u>

Certain expense categories above, including employee benefits, utilities, depreciation and interest, are attributable to more than one resident service or support function. Employee benefits are generally allocated based on a percentage of salaries and wages applicable to the program service or support function to total salaries and wages. The Organization believes substantially all utilities, depreciation and interest is applicable to resident services. As such, these expenses were reported in the resident services columns above.

Annapolis Life Care, Inc. and Subsidiaries

Consolidating Balance Sheet Schedule

June 30, 2025

	<u>Annapolis Life Care, Inc.</u>	<u>Ginger Cove Foundation, Inc.</u>	<u>Ginger Cove Home Health Care, LLC</u>	<u>Ginger Cove At Home, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets						
Current Assets						
Cash and cash equivalents	\$ 4,398,476	\$ -	\$ -	\$ 1,511,464	\$ -	\$ 5,909,940
Current portion of assets whose use is limited	1,003,948	-	-	-	-	1,003,948
Accounts receivable:						
Residents, net	1,319,094	-	-	-	-	1,319,094
Other					-	-
Affiliate	2,190,173	-	-	-	(2,190,173)	-
Prepaid expenses and other current assets	<u>1,039,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,039,893</u>
Total current assets	9,951,584	-	-	1,511,464	(2,190,173)	9,272,875
Assets Whose Use is Limited, Net	11,088,016	-	-	-	-	11,088,016
Investments	18,158,324	3,764,292	-	-	-	21,922,616
Interest in Net Assets of Foundation	3,104,445	-	-	-	(3,104,445)	-
Investment in Net Assets of Ginger Cove at Home	(216,326)	-	-	-	216,326	-
Property and Equipment, Net	73,653,738	-	-	-	-	73,653,738
Derivative Financial Instruments	<u>364,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,419</u>
Total assets	<u>\$ 116,104,200</u>	<u>\$ 3,764,292</u>	<u>\$ -</u>	<u>\$ 1,511,464</u>	<u>\$ (5,078,292)</u>	<u>\$ 116,301,664</u>

Annapolis Life Care, Inc. and Subsidiaries

Consolidating Balance Sheet Schedule

June 30, 2025

	Annapolis Life Care, Inc.	Ginger Cove Foundation, Inc.	Ginger Cove Home Health Care, LLC	Ginger Cove At Home, LLC	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Current maturities of long-term debt	\$ 1,143,000	\$ -	\$ -	\$ -	\$ -	\$ 1,143,000
Accounts payable	1,708,422	2,753	-	9,390	-	1,720,565
Accounts payable, affiliate	-	471,773	-	1,718,400	(2,190,173)	-
Accrued expenses	862,835	-	-	-	-	862,835
Entrance fee refunds payable	938,312	-	-	-	-	938,312
Entrance fee deposits	976,373	-	-	-	-	976,373
Current portion of charitable gift annuities	-	32,725	-	-	-	32,725
Total current liabilities	5,628,942	507,251	-	1,727,790	(2,190,173)	5,673,810
Charitable Gift Annuities, Net	-	152,596	-	-	-	152,596
Long-Term Debt, Net	41,423,974	-	-	-	-	41,423,974
Refundable Entrance Fees	111,809,405	-	-	-	-	111,809,405
Deferred Revenues From Entrance Fees	6,961,980	-	-	-	-	6,961,980
Estimated Obligation to Provide Future Services and Use of Facilities	8,220,000	-	-	-	-	8,220,000
Total liabilities	174,044,301	659,847	-	1,727,790	(2,190,173)	174,241,765
Net Assets (Deficit)						
Without donor restrictions	(61,962,113)	870,768	-	(216,326)	(654,442)	(61,962,113)
With donor restrictions	4,022,012	2,233,677	-	-	(2,233,677)	4,022,012
Total net assets (deficit)	(57,940,101)	3,104,445	-	(216,326)	(2,888,119)	(57,940,101)
Total liabilities and net assets (deficit)	\$ 116,104,200	\$ 3,764,292	\$ -	\$ 1,511,464	\$ (5,078,292)	\$ 116,301,664

Annapolis Life Care, Inc. and Subsidiaries

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

	Annapolis Life Care, Inc.	Ginger Cove Foundation, Inc.	Ginger Cove Home Health Care, LLC	Ginger Cove At Home, LLC	Eliminations	Consolidated
Revenues Without Donor Restrictions						
Net resident service revenue	\$ 27,411,214	\$ -	\$ -	\$ -	\$ -	\$ 27,411,214
Amortization of entrance fees	1,527,880	-	-	-	-	1,527,880
Other revenue	280,803	-	-	-	(18,000)	262,803
Net assets released from restriction	-	174,544	-	-	-	174,544
	<u>29,219,897</u>	<u>174,544</u>	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>29,376,441</u>
Expenses						
Resident care	9,742,044	89,172	-	-	-	9,831,216
Depreciation	5,701,658	-	-	-	-	5,701,658
General and administrative	4,842,576	-	-	223,290	-	5,065,866
Dietary	5,378,945	-	-	-	-	5,378,945
Plant operations	3,642,627	-	-	-	-	3,642,627
Interest	1,744,587	-	-	-	-	1,744,587
Housekeeping	1,795,375	-	-	-	-	1,795,375
Fundraising	-	61,486	-	-	(18,000)	43,486
Provision for expected credit losses	40,525	-	-	-	-	40,525
	<u>32,888,337</u>	<u>150,658</u>	<u>-</u>	<u>223,290</u>	<u>(18,000)</u>	<u>33,244,285</u>
Total expenses	<u>32,888,337</u>	<u>150,658</u>	<u>-</u>	<u>223,290</u>	<u>(18,000)</u>	<u>33,244,285</u>
Operating (loss) income	<u>(3,668,440)</u>	<u>23,886</u>	<u>-</u>	<u>(223,290)</u>	<u>-</u>	<u>(3,867,844)</u>
Nonoperating Revenue (Expenses)						
Contributions	-	22,405	-	-	-	22,405
Interest and dividends	565,428	39,785	-	6,964	-	612,177
Net realized gain on sales of investments	1,475,788	7,839	-	-	-	1,483,627
Change in net unrealized gains and losses on investments	878,076	76,600	-	-	-	954,676
Change in interest in net assets of the Foundation	170,514	-	-	-	(170,514)	-
Change in interest in net asset of Ginger Cove at Home	(216,326)	-	-	-	216,326	-
Change in fair value of derivative financial instruments	(966,853)	-	-	-	-	(966,853)
Change in obligation to provide future services and use of facilities	2,859,000	-	-	-	-	2,859,000
	<u>4,765,627</u>	<u>146,629</u>	<u>-</u>	<u>6,964</u>	<u>45,812</u>	<u>4,965,032</u>
Total nonoperating revenue	<u>4,765,627</u>	<u>146,629</u>	<u>-</u>	<u>6,964</u>	<u>45,812</u>	<u>4,965,032</u>
Revenues (less than) in excess of expenses	1,097,187	170,515	-	(216,326)	45,812	1,097,188
Other changes in net assets (deficit)						
Reclassification of unrestricted net asset to restricted	(307,800)	18,528	-	-	(18,528)	(307,800)
Change in net assets (deficit) without donor restrictions	<u>789,387</u>	<u>189,043</u>	<u>-</u>	<u>(216,326)</u>	<u>27,284</u>	<u>789,388</u>

Annapolis Life Care, Inc. and Subsidiaries

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

	Annapolis Life Care, Inc.	Ginger Cove Foundation, Inc.	Ginger Cove Home Health Care, LLC	Ginger Cove At Home, LLC	Eliminations	Consolidated
Net Assets With Donor Restrictions						
Contributions	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Interest and dividends	27,042	52,512	-	-	-	79,554
Net realized gains (losses) on investments	82,545	(1,099)	-	-	-	81,446
Unrealized gains on investments	49,113	204,887	-	-	-	254,000
Reclassification of unrestricted net asset to restricted	307,800	(18,528)	-	-	18,528	307,800
Change in interest in net assets of the Foundation	83,256	-	-	-	(83,256)	-
Net assets released from restriction	-	(174,544)	-	-	-	(174,544)
	<u>549,756</u>	<u>64,728</u>	<u>-</u>	<u>-</u>	<u>(64,728)</u>	<u>549,756</u>
Change in net assets with donor restrictions						
	1,339,143	253,771	-	(216,326)	(37,444)	1,339,144
Change in net assets (deficit)						
Net Assets (Deficit), Beginning	<u>(59,279,244)</u>	<u>2,850,674</u>	<u>-</u>	<u>-</u>	<u>(2,850,675)</u>	<u>(59,279,245)</u>
Net Assets (Deficit), Ending	<u>\$ (57,940,101)</u>	<u>\$ 3,104,445</u>	<u>\$ -</u>	<u>\$ (216,326)</u>	<u>\$ (2,888,119)</u>	<u>\$ (57,940,101)</u>

EXHIBIT C: PROJECTED INCOME STATEMENT

Ginger Cove at Home			
Projected Financial Statements - Exhibit G-2			
	6/30/26	6/30/27	6/30/28
	<u>Current Year</u> <u>(Budget)</u>	<u>Projected</u>	<u>Projected</u>
<u>Revenues</u>			
Monthly Service Fee Revenue	76,846	164,880	300,300
AIL	851	2,000	3,000
Amortization Income	<u>97,171</u>	<u>70,760</u>	<u>181,145</u>
Total Revenues	<u>174,868</u>	<u>237,640</u>	<u>484,445</u>
<u>Expenses</u>			
Salaries and Wages	241,895	221,160	230,006
Miscellaneous Pay & PTO	-	14,000	14,560
FICA	18,505	17,990	18,709
Software Expense - Other	4,200	10,000	10,000
Training	8,000	8,000	8,000
Travel - Airlines/Hotel/Car Rental	7,860	10,000	10,000
Travel - Meals	1,200	1,500	1,500
Professional Dues & Fees	2,400	2,496	2,596
Bank Charges	9,500	10,000	10,000
Consultants	51,000	60,000	75,000
Legal Fees	10,000	32,000	30,000
Other Legal & Professional	29,850	7,240	12,670
Postage	4,800	20,000	20,800
Management Fee	36,000	37,440	38,938
Marketing	190,010	192,840	196,177
Rental & Leasing - Copy Machine	2,400	2,400	2,400
M&R Bldg - Other	699	-	-
Supplies - Paper & Forms	2,400	5,000	5,000
Supplies - Other	6,415	10,000	10,000
Medical Director Fees	32,160	29,500	35,480
Occupational Therapy	21,600	4,000	7,280
Other Ancillaries - Claims GC@H	3,434	35,646	72,667
Depreciation Expense	12,000	-	-
Misc. Expense	<u>1,200</u>	<u>2,500</u>	<u>2,500</u>
Total Expenses	<u>697,528</u>	<u>733,712</u>	<u>814,283</u>
Net Income (Loss)	<u>(522,660)</u>	<u>(496,072)</u>	<u>(329,838)</u>

EXHIBIT D: PROJECTED CASH FLOWS

Ginger Cove At Home, LLC			
Cash Flow			
For the Years Ending June 30, 2026, 2027 and 2028			
	6/30/26	6/30/27	6/30/28
	<u>Current Year</u>	<u>Projected</u>	<u>Projected</u>
Net Income (Loss)	(522,660)	(496,072)	(329,838)
Add: Net Entrance Fees	907,180	943,460	1,471,800
Less: Amortization of Entrance Fees	<u>(97,171)</u>	<u>(70,760)</u>	<u>(181,145)</u>
Net Cash Flow	287,349	376,628	960,817
Cash and Reserves - Beginning of Year	<u>1,511,464</u>	<u>1,798,813</u>	<u>2,175,441</u>
Cash and Reserves - Beginning of Year	<u>1,798,813</u>	<u>2,175,441</u>	<u>3,136,258</u>

EXHIBIT E: PROJECTED BALANCE SHEET

Ginger Cove at Home Pro-Forma Balance Sheet						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Cash - Operations	240,711	261,206	308,095	372,167	440,950	529,235
	-	-	-	-	-	-
AR - Member - 20 days	-	-	-	-	-	-
Unrestricted Investments	-	812,376	1,512,924	3,657,080	4,366,545	4,702,916
Restricted Investments						
Operating Reserve	102,829	111,946	132,041	159,500	188,978	226,815
Capital Reserve BOY	500,000	500,000	500,000	500,000	500,000	500,000
<u>Contract Reserve EOY</u>	140,542	1,288,211	2,754,661	2,975,712	4,853,636	7,230,686
Total Reserves	743,371	1,900,157	3,386,702	3,635,212	5,542,614	7,957,501
Intangible Assets - Org Costs						
Property & Equipment						
Leasehold Imp Imp	60,000	90,000	100,000	110,000	120,000	130,000
Less Accumulated Dep	(12,000)	(30,000)	(50,000)	(72,000)	(96,000)	(110,000)
Total PPE - Net	48,000	60,000	50,000	38,000	24,000	20,000
Total Assets	\$ 1,032,082	3,033,738	5,257,722	7,702,459	10,374,110	13,209,652
Working Capital Lond	-	-	-	-	-	-
Capital Reserve Loan						
Organization Loan						
Accounts Payable	-	-	-	-	-	-
Unearned Entry Fees	1,554,742	3,798,554	5,989,695	8,126,057	10,205,448	12,225,591
<u>Retained Earnings</u>	(522,659)	(764,816)	(731,973)	(423,598)	168,661	984,061
Total Liabilities & Equity	1,032,082	3,033,738	5,257,722	7,702,459	10,374,110	13,209,652
	-	-	-	-	-	-