Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Episcopal Communities & Services for Seniors and Subsidiaries

June 30, 2026 and 2025

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Report of Independent Auditors

The Board of Directors
Episcopal Communities & Services for Seniors and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Episcopal Communities & Services for Seniors and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Episcopal Communities & Services for Seniors and Subsidiaries as of June 30, 2026 and 2025, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Episcopal Communities & Services for Seniors and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Episcopal Communities & Services for Seniors and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that comprise Episcopal Communities & Services for Seniors and Subsidiaries. The consolidating schedules on pages 43 through 55 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidating schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the California Department of Social Services Annual Report. The other information comprises the Forms 1-1, 1-2, and 7-1, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Baker Tilly US, LLP

Pasadena, CA
October 7, 2026

Consolidated Financial Statements

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Financial Position (Dollars in Thousands)
June 30, 2026 and 2025

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 17,207	$ 16,147
Investments, short-term	88,661	46,843
Accounts receivable	1,350	1,470
Other receivables	223	1,658
Inventories	171	199
Prepaid expenses and other current assets	1,739	1,046
Notes receivable, current portion	3,237	1,768
Assets limited as to use, required for current liabilities	6,473	41,525
Total current assets	119,061	110,656
PROPERTY AND EQUIPMENT, net	315,442	264,492
OTHER ASSETS		
Investments, long-term	98,023	133,024
Notes receivable, net of current portion	3,735	4,266
Assets limited as to use, net of current portion	2,274	10,708
Operating lease right-of-use assets, net	328	579
Other assets	968	976
Total other assets	105,328	149,553
Total assets	$ 539,831	$ 524,701

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Financial Position (Dollars in Thousands)
June 30, 2026 and 2025

	2026	2025
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 9,998	$ 9,910
Accrued compensation, payroll taxes, and benefits	5,824	5,356
Interest payable	511	951
Entrance fee refunds upon re-occupancy payable	4,386	6,925
Other current liabilities	639	73
Deferred revenue	121	142
Current portion of liability for losses during phase-out period of discontinued operations	40	51
Operating lease liability, current portion	325	306
Current portion of long-term debt	3,141	3,052
Total current liabilities	24,985	26,766
OTHER LIABILITIES		
Deposits from residents	6,854	5,846
Liability for refundable and repayable entrance fees	228,401	227,417
Deferred revenue from entrance fees	44,471	37,590
Liability for losses during phase-out period of discontinued operations, net of current portion	72	112
Operating lease liability, net of current portion	84	408
Arbitrage rebate liability	467	381
Long-term debt, net of current maturities	184,852	187,783
Total other liabilities	465,201	459,537
Total liabilities	490,186	486,303
NET ASSETS		
Without donor restriction	47,162	36,085
With donor restriction	2,483	2,313
Total net assets	49,645	38,398
Total liabilities and net assets	$ 539,831	$ 524,701

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Operations (Dollars in Thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
OPERATING REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTION		
Resident care fees, net	$ 50,901	$ 49,942
Ancillary services	4,329	3,851
Amortization of entrance fees	7,317	7,043
Service revenue	7,752	7,260
Contributions	493	248
Other	1,089	377
Total operating revenue and other support	71,881	68,721
Investment returns available for current operations, net	21,889	15,776
Total operating revenue, other support, and investment returns	93,770	84,497
OPERATING EXPENSES		
General and administrative	16,218	16,055
Dining service	11,993	11,759
Nursing service, routine	17,295	17,624
Residential services	4,598	4,530
Environmental services	11,001	10,202
Other expenses	3,136	5,496
Total operating expenses before depreciation	64,241	65,666
OPERATING INCOME BEFORE DEPRECIATION	29,529	18,831
DEPRECIATION	15,663	15,015
Total operating income	13,866	3,816
OTHER EXPENSE		
Interest expense	2,450	2,578
Other	504	472
Total other expense	2,954	3,050
Excess of revenue over expenses	$ 10,912	$ 766

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Changes in Net Assets (Dollars in Thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION		
Excess of revenue over expenses	$ 10,912	$ 766
Accretion of losses during phase-out period of discontinued operations	(135)	(208)
Net assets released from restrictions for capital expenditures	300	124
Total change in net assets without donor restriction	11,077	682
CHANGE IN NET ASSETS WITH DONOR RESTRICTION		
Contributions	390	580
Dividends and interest	42	41
Net realized and unrealized gains	38	62
Write off of uncollectible pledge receivable	-	(3)
Net assets released from restrictions for capital expenditures	(300)	(124)
Total change in net assets with donor restriction	170	556
CHANGE IN NET ASSETS	11,247	1,238
NET ASSETS		
Net assets, beginning of year	38,398	37,160
Net assets, end of year	$ 49,645	$ 38,398

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Cash Flows (Dollars in Thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 11,247	$ 1,238
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Amortization of entrance fees	(7,317)	(7,043)
Amortization of premium	(187)	(187)
Amortization of financing costs	210	210
Depreciation	15,663	15,015
Accretion of liability for losses during phase-out period of discontinued operations	135	208
Realized and unrealized gains on investments, net	(16,119)	(9,850)
Loss on disposal of property and equipment	282	250
(Increase) decrease in		
Accounts receivable	120	(416)
Other receivables	1,435	(669)
Unconditional promises to give	-	3
Inventories	28	26
Prepaid expenses and other current assets	(693)	(85)
Other assets	8	102
Operating lease right-of-use assets, net	251	243
Increase (decrease) in		
Accounts payable and accrued expenses	(2,144)	(3,415)
Accrued compensation, payroll taxes, and benefits	468	-
Interest payable	(440)	(22)
Other current liabilities	566	(1,095)
Deferred revenue	(21)	(110)
Operating lease liabilities	(305)	(287)
Deposits from residents	1,008	3,514
Arbitrage rebate liability	86	381
Deferred revenue from entrance fees and liability for refundable and repayable entrance fees	41,821	34,453
Liability for losses during phase-out period of discontinued operations	(186)	(273)
Net cash provided by operating activities	$ 45,916	$ 32,191

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Cash Flows (Dollars in Thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
OPERATING ACTIVITIES		
Cash received		
Resident care fees	$ 56,501	$ 56,973
Entrance fees	41,821	34,453
Contributions	884	830
Investment income	6,497	6,749
Service revenue	7,752	7,260
Other	1,076	1,096
Cash disbursed		
Cash paid to employees and suppliers	(65,745)	(72,624)
Interest	(2,870)	(2,546)
Net cash provided by operating activities	45,916	32,191
INVESTING ACTIVITIES		
Investment income reinvested	(5,850)	(6,029)
Purchase of investments	(37,299)	(39,789)
Proceeds from sale of investments	57,753	45,753
Purchase of property and equipment	(64,663)	(38,885)
Issuance of note receivable	(1,679)	(769)
Collection of notes receivable	741	1,385
Net cash used in investing activities	(50,997)	(38,334)
FINANCING ACTIVITIES		
Payment of long-term debt	(2,865)	(2,780)
Refund of entrance fees	(29,178)	(25,259)
Net cash used in financing activities	(32,043)	(28,039)
Net decrease in cash and cash equivalents	(37,124)	(34,182)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	63,078	97,260
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 25,954	$ 63,078

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Cash Flows (Dollars in Thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
SUPPLEMENTAL DISCLOSURES		
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment acquired through accounts payable and accrued liabilities	$ 8,799	$ 6,567
CASH INTEREST PAID		
Included in cash flows from operating activities	$ 2,870	$ 2,546
Capitalized, included in cash flows from investing activities	4,651	5,058
Total cash interest paid	$ 7,521	$ 7,604

See accompanying notes.

Note 1 – Organization and Nature of Activities

Episcopal Communities & Services for Seniors (ECS), a nonprofit corporation, operates Life Plan Communities (LPCs) consisting of residential, assisted living, and memory support options known as The Canterbury in Rancho Palos Verdes, California; The Covington in Aliso Viejo, California; and MonteCedro in Altadena, California. ECS operates a rental community known as Twelve Oaks Senior Living in Glendale, California. ECS formerly operated Scripps Kensington in Alhambra, California (see Note 17).

The consolidated financial statements also include the activities of the following related entities:

- *ECS Management, LLC (ECSLLC)* – ECSLLC is a single-member limited liability company (LLC) with ECS as its sole member. ECSLLC was created to provide administrative, programming, and other forms of support to ECS, and any of its subsidiaries and affiliated organizations, provided they are exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3).

- *ECS Supportive Funds Management (ECSSFM)* – On July 1, 2021, the ECS Foundation curtailed fundraising efforts and transitioned to a solely funds management role overseeing the investment and distribution of restricted and unrestricted donor funds. Simultaneously, the ECS Community Advancement Office was launched to support fundraising at ECS communities and ECSF changed its name to ECS Supportive Funds Management.

ECS also owns and operates:

- *Creative Housing & Services, LLC (CHS LLC)* – a single-member LLC with ECS as its sole member. CHS LLC provides development, management, and consulting services to affordable senior, disabled, and low-income housing facilities. CHS LLC is the managing general partner of Casa de los Amigos, L.P., a California limited partnership, formed for the purpose of developing and operating a 136-unit apartment complex for low-income senior residents located in Redondo Beach, California. The apartment complex is regulated by the United States Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

- *Creative Housing & Services (formerly Community Housing Management Services) (CHS)* – a California nonprofit corporation that provides development, management, and consulting services to affordable senior, disabled, and low-income housing facilities. On October 17, 2018, CHS entered into an asset transfer agreement with CHS LLC. CHS transferred substantially all of its assets relating to programs and activities that support the management of affordable housing facilities to CHS LLC.

- *Twelve Oaks Foundation (TOF) dba Twelve Oaks Senior Living (TOSL)* – On January 12, 2021, ECS's affiliation with TOF was finalized, with ECS becoming the sole corporate member of TOF. Under the terms of the Affiliation Agreement, ECS assumed certain TOF debt and agreed to provide additional working capital support, investment, and/or financing for the operation and/or improvement of TOSL. ECS elected to apply push down accounting, and the affiliation was accounted for as a business combination using the acquisition method of accounting. TOF owns and operates a senior living facility, TOSL, in Glendale, California, that offers independent living, assisted living, and memory support options. In December 2024, ECS started a full redevelopment of the campus. All residents were relocated to other facilities, and as a result, there were no residents as of June 30, 2026 and 2025.

The population at each community as of June 30, 2026 and 2025, was as follows:

	2026	2025
The Canterbury	139	150
The Covington	229	217
MonteCedro	235	225
Total	603	592

As a result of the closure of the Scripps Kensington LPC, residents were transferred to outside communities in 2010. The total number of Scripps Kensington residents located at outside facilities as of June 30, 2026 and 2025, was 3 and 4, respectively.

The population at Casa de los Amigos as of June 30, 2026 and 2025, was 148 and 136, respectively.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of ECS and its wholly owned subsidiaries, ECSLLC, ECSSFM, CHS, CHS LLC, TOF, and Artful Home Care, LLC, hereinafter referred to collectively as the "Organization." Artful Home Care, LLC was dissolved on October 23, 2025. All inter-organization balances and transactions have been eliminated in consolidation.

Basis of presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed. Based on the existence or absence of donor-imposed restrictions, the Organization classifies resources into two categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions – Represent contributions that are limited in use by the Organization in accordance with donor-imposed stipulations. 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expiration of donor-imposed restrictions – Net assets are released from restrictions by incurring expenses satisfying the restricted purposes and by the occurrence of events specified by the donors, including the passage of time. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed into service or expenditures exceed the amount of the gift.

Cash and cash equivalents – For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts that may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the accompanying consolidated statements of financial position to the accompanying consolidated statements of cash flows as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Cash and cash equivalents	$ 17,207	$ 16,147
Restricted cash and cash equivalents, included in assets limited as to use	8,747	46,931
Cash and cash equivalents and restricted cash and cash equivalents as reported in statements of cash flows	$ 25,954	$ 63,078

Assets limited as to use – Assets limited as to use consist of cash, cash equivalents, and investments that are restricted for specific purposes, including insurance collateral, wait list deposits, and amounts restricted pursuant to the 2022A, 2022B, 2024A, and 2024B bond indentures. As of June 30, 2026, assets limited as to use consisted solely of cash and cash equivalents. As of June 30, 2025, assets limited as to use also included certain U.S. Treasury bills that were subject to bond restrictions. Amounts required for payment of current liabilities are classified as current assets.

Investments – Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value. Fair value is generally determined based on quoted market prices or other observable market inputs, as applicable. Certain alternative investments without readily determinable fair values are measured using net asset value as a practical expedient. Investments are classified as short-term or long-term based on management's intended use of the investments and liquidity management strategy. Investments that management intends to make available to meet operating, capital expenditure, and other liquidity needs within one year are classified as short-term, with the remaining investments classified as long-term. Net investment return (including realized and unrealized gains on investments, interest, dividends, and investment expenses) is included in changes in net assets without donor restrictions unless the income is restricted by donor or law.

Inventories – Inventories as of June 30, 2026 and 2025, primarily consisted of dining supplies and are reflected in the consolidated statements of financial position at cost, which does not exceed market value.

Accounts receivable and allowance for credit losses – The Organization records accounts receivable in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 326, *Financial Instruments—Credit Losses*, which requires an expected credit loss methodology for the measurement and recognition of credit losses on financial assets, including accounts receivable. The Current Expected Credit Losses (CECL) model requires a forward-looking approach to estimate expected credit losses based on relevant information regarding historical experience, current conditions, and reasonable and supportable forecasts. The Organization records an allowance for credit losses representing management’s estimate of expected credit losses on accounts receivable.

Notes receivable – Notes receivable are reported at outstanding principal, net of an allowance for credit losses, if applicable. Interest income is recognized on the accrual basis in accordance with the contractual terms of the underlying agreements. Accrued interest receivable is presented separately from the related note receivable and is included in other receivables on the accompanying consolidated statements of financial position.

Property and equipment – The costs of property and equipment are depreciated using the straight-line method over their estimated useful lives. Costs of additions, renewals, and betterments are capitalized, while maintenance and repairs are expensed when incurred. Acquisitions of $1,500 or more with a useful life greater than one year are capitalized. Donated fixed assets are recorded at their fair value at the date of donation. Construction in progress consists of costs incurred on construction projects that have not been completed. Interest cost incurred during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets, net of investment income on unspent proceeds of tax-exempt borrowings restricted for use in construction.

Depreciation begins when related assets are placed in service. Estimated useful lives are as follows:

	Useful Lives
Land improvements	5–25 years
Buildings and improvements	5–50 years
Furnishings and equipment (including capitalized computer hardware and software)	3–20 years

Capitalized financing costs – Capitalized financing costs represent costs incurred in obtaining long-term financing and are amortized over the respective terms of the related obligations using the interest method. Such costs are presented as a component of long-term debt in accordance with ASC 835, *Interest.* Amortization expense is included as a component of interest expense.

Impairment of long-lived assets – The Organization reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recoverable. The Organization considers assets to be impaired and writes them down to fair value if expected associated cash flows are less than the carrying amounts. The Organization has determined that no long-lived assets were impaired as of June 30, 2026 and 2025.

Split-interest agreements – The Organization is a beneficiary of several irrevocable charitable gift annuities, which are held in trusts by third-party administrators. At the end of each annuity's term, the Organization will receive its beneficial interest in the trusts. The Organization's beneficial interest is measured at fair value and revalued annually using present value techniques and is included in prepaid expenses and other current assets.

Accrued workers' compensation claims – The Organization's workers' compensation insurance is provided by Safety National, a commercial insurance carrier. Under the policy, the Organization is responsible for the first $250,000 of each accident claim, subject to an aggregate loss limit of $1,350,000. Cash collateral of $273,000, included in assets limited as to use, is required, and claims payment is made monthly to The Matrix Absence Management Company.

The provision for estimated workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Organization estimates claims liabilities without consideration of insurance recoveries in accordance with ASC 954-450, *Health Care Entities – Contingencies*, and records insurance recoveries separately on the accompanying consolidated statements of financial position.

Obligation to provide future services and the use of facilities – The Organization calculates annually the present value (using a 5% discount rate as of June 30, 2026 and 2025) of the estimated net cost of future services to be provided to current continuing care residents. The change in the obligation during a year would be reported as a change in obligation to provide future services in the consolidated statements of operations. As of June 30, 2026 and 2025, the estimated amounts received or to be received from current continuing care residents exceeded the estimated costs of providing future services and use of facilities to those residents. Accordingly, no liability was recorded in relation to future service obligations as of June 30, 2026 and 2025.

The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the years ended June 30, 2026 and 2025.

Fair value of financial instruments – The Organization's consolidated financial statements include the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, obligation to provide future services and the use of facilities, and long-term debt. The Organization believes that the carrying amounts of current assets and liabilities in the consolidated statements of financial position approximate the fair values of these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. The fair values of assets limited as to use and investments are disclosed in Note 7.

Donated material and services – Donations and bequests are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

A substantial number of volunteers have donated their time to the Organization's programs and other services. However, these donated services are not reflected in the accompanying consolidated financial statements since they do not meet the criteria for recognition as contributed services.

Contributions – Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the condition has been satisfied. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Revenue recognition

Resident care fees and ancillary services revenue – Resident care fees and ancillary services revenue are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services provided. Under the Organization's resident service agreement, the Organization provides senior living services to residents for a stated monthly fee. The Organization recognizes revenue for senior living services under the residential services agreement for independent living and assisted living in accordance with the provision of ASC 606, *Revenue from Contracts with Customers.*

Resident services – Resident services revenue is primarily derived from providing accommodations and services to residents under a continuing care contract for residential care, assisted living, and memory care. The Organization has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation that is satisfied over time. The transaction price is based on standard charges for goods and services provided.

The Organization disaggregates revenue from contracts with customers by type of service, as this depicts the nature, amount, timing, and uncertainty of its revenue and cash flows as affected by economic factors. For the years ended June 30, 2026 and 2025, all resident revenue was derived from private payors, consisting of the following (in thousands):

	2026	2025
Residential care	$ 43,528	$ 47,486
Assisted living/Memory care	19,454	13,567
Total	$ 62,982	$ 61,053

Revenue from nonrefundable entrance fees received is recognized on a straight-line basis over the actuarially estimated life of each resident, which approximates the period of time the goods and services under the agreements are expected to be transferred to residents.

Entrance fees and financial arrangements

Scripps Kensington – The former residents of Scripps Kensington have life care continuing care contracts. Life care contracts include a promise by Scripps Kensington to provide routine and certain ancillary services at all levels of care to a resident for the duration of his or her life, including acute care and services of physicians and surgeons, to the extent not covered by other public or private insurance benefits. Life care contracts include provisions to subsidize residents who become financially unable to pay their monthly care fees.

The Canterbury – The Canterbury offers payment options under (1) a fee-for-service continuing care agreement and (2) a month-to-month agreement. Residents entering under the month-to-month agreement are charged a monthly care fee. The continuing care agreement applies to independent residency, and the Canterbury's admission policy for new continuing care residents requires payment of (1) an entrance fee upon admission currently ranging from $251,000 to $872,000, depending on the residence and entrance fee option selected, and (2) a monthly care fee.

The two entrance fee options offered are (1) 36-month refundable pro rata if a continuing care resident should leave within three years from admission or (2) 80% of entrance fee re-occupancy benefit paid to the resident or their estate upon reletting of the residence.

The 36-month option offered is refundable pro rata if a continuing care resident should leave within three years from admission, as follows:

i) During the first 90 days, the entrance fee is refunded in full.

ii) If the resident's tenancy is longer than three months and up to three years, the Canterbury retains 1/36th of the entrance fee for each month of residency or portion thereof.

iii) No refunds after 36 months.

The Canterbury amortizes entrance fees over the resident's expected life, and a liability is recognized (liability for refundable and repayable entrance fees) for the expected amount that will be refunded to those residents who will not remain at the facility for the stipulated time.

The 80% re-occupancy benefit option is refundable or repayable if the resident should leave the Canterbury as follows:

1. If the resident's tenancy terminates during the first 90 days, the entrance fee paid by the resident is refunded in full.

2. If the resident's tenancy terminates after the first 90 days, the resident will receive a re-occupancy benefit equal to 80% of the paid entrance fees within:

    a. Fourteen calendar days after the resident's accommodation unit is re-let to a new resident who has executed a care and residence agreement and paid the then-applicable entrance fee for the same unit; or

    b. One hundred eighty days after the resident's accommodation unit is re-let to a new resident who enters under a month-to-month agreement.

Under the re-occupancy benefit contract agreement, the Canterbury amortizes 20% of the entrance fee over the resident's expected life. A liability is recognized (liability for refundable and repayable entrance fees) for the remaining 80%.

The Covington – Residents of the Covington pay both (1) an entrance fee upon admission ranging from $586,000 to $2,045,000, depending on the residence and entrance fee option selected (re-occupancy benefit and 36-month pro rata refundable options), and (2) a monthly care fee. The entrance fee is refundable or repayable if a resident should leave the Covington as follows.

Re-occupancy benefit option:

i) If the resident's tenancy terminates during the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy terminates after the first 90 days, the resident will receive a re-occupancy benefit equal to 80% of the paid entrance fees within 14 calendar days after the resident's accommodation unit is re-let to a new continuing care resident who has executed a care and residence agreement and paid the then-applicable entrance fee for the same unit in full.

The Covington amortizes 20% of the paid entrance fees over the resident's expected life. A liability is recognized (liability for refundable and repayable entrance fees) for the remaining 80%.

36-month option:

i) If the resident's tenancy terminates during the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy is longer than three months and up to three years, the Covington retains 1/36th of the entrance fee for each month or partial month of residency.

iii) No refunds after 36 months.

MonteCedro – MonteCedro offers payment options under a care and residence agreement (re-occupancy benefit and 36-month pro rata refundable options), which requires payment of (1) an entrance fee upon admission ranging from $423,000 to $2,398,000, depending on the residence and entrance fee option selected, and (2) a monthly care fee.

Re-occupancy benefit option:

The entrance fee is refundable or repayable if the resident should leave MonteCedro as follows:

i) If the resident's tenancy terminates during the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy terminates subsequent to the first 90 days, the resident will receive a re-occupancy benefit equal to 80% (depending on the contract) of the paid entrance fees within 14 calendar days after the resident's accommodation unit is re-let to a new continuing care resident who has executed a care and residence agreement and paid the then-applicable entrance fee for the same unit in full.

Under the 80% re-occupancy benefit agreement, MonteCedro amortizes 20% of the entrance fee over the resident's expected life. A liability is recognized (liability for refundable and repayable entrance fees) for the remaining 80%.

36-month option:

i) If the resident's tenancy terminates during the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy is longer than three months and up to three years, MonteCedro retains 1/36th of the entrance fee for each month or partial month of residency.

iii) No refunds after 36 months.

As of June 30, 2026 and 2025, approximately $232,787,000 and $234,342,000, respectively, was estimated to be contractually refundable or repayable. Of these amounts, approximately $4,386,000 and $6,925,000, respectively, were classified as current liabilities, with the remaining $228,401,000 and $227,417,000, respectively, classified as long-term liabilities on the accompanying consolidated statements of financial position. These balances represent the amounts due to residents if all were to cancel their contracts as of June 30, 2026 and 2025, based on the Organization's refund and repayment policy.

Income taxes – ECS and its controlled subsidiaries are organized as nonprofit corporations under the general nonprofit corporation laws of the state of California and are exempt from federal income taxation under IRC Section 501(c)(3).

ECSSFM is organized as a nonprofit corporation under the general nonprofit corporation laws of the state of California and is exempt from federal income taxation under IRC Section 501(c)(3). ECSSFM is classified as a supporting organization under IRC Section 509(a)(3).

ECSLLC, CHS LLC, and Artful Home Care, LLC, are organized as nonprofit limited liability companies in the state of California. They have not applied for their own tax exemption for income tax purposes because they are disregarded entities. While they are disregarded for income tax purposes, they are still subject to the California annual minimum tax and the annual fee.

Nonprofit organizations are generally not liable for taxes on income. Therefore, other than the California annual minimum tax and annual fee related to ECSLLC, CHS LLC, and Artful Home Care, LLC, no provision is made for such taxes in the consolidated financial statements in accordance with U.S. GAAP.

The Organization considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and may not accurately anticipate actual outcomes. The Organization evaluates its uncertain tax positions using the provisions in conformity with U.S. GAAP.

These standards require management to perform an evaluation of all income tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns. Management believes the tax positions taken more likely than not will be sustained under examination by the applicable tax authorities. Examples of tax positions taken include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. Since matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Advertising – The Organization expenses advertising costs as they are incurred. Advertising costs expensed for the years ended June 30, 2026 and 2025, were approximately $313,000 and $287,000, respectively, and are included in general and administrative expenses in the consolidated statements of operations.

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

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business combinations – Business combinations are accounted for using the acquisition method of accounting. Expenses incurred in connection with a business combination are expensed as incurred.

Reclassifications – Certain reclassifications have been made to the prior-year consolidated financial statements to conform to current-year presentation. These reclassifications have no effect on previously reported excess of revenue over expenses or net assets.

Correction of an Immaterial Error – During the year ended June 30, 2026, the Organization identified an error in the accounting for payments received on its note receivable from Casa de los Amigos, L.P. (see Note 6). In prior periods, certain payments representing interest income under the terms of the note agreement were incorrectly recorded as reductions of the outstanding principal balance. As a result, the note receivable and related interest income and receivable were understated, and the note was previously reported as fully repaid as of June 30, 2025.

The Organization evaluated the effect of the error on its previously issued consolidated financial statements and determined that the error was not material to the consolidated financial statements for the year ended June 30, 2025. The accompanying comparative 2025 financial information has been revised to correct the error.

($ in thousands)	As Previously Reported	Adjustment	As Revised
Notes receivable, current portion	$ 1,554	$ 214	$ 1,768
Other receivables	1,214	444	1,658
Total current assets	109,998	658	110,656
Notes receivable, net of current portion	-	4,266	4,266
Total other assets	145,287	4,266	149,553
Total assets	519,777	4,924	524,701
Net assets without donor restriction	31,161	4,924	36,085
Total net assets (end of year)	33,474	4,924	38,398
Total liabilities and net assets	519,777	4,924	524,701
Total net assets (beginning of year)	32,456	4,704	37,160
Investment returns available for current operations, net	15,556	220	15,776
Excess of revenue over expenses	546	220	766
Net cash provided by operating activities	31,479	712	32,191
Net cash used in investing activities	(37,622)	(712)	(38,334)

The correction increased the note receivable by approximately $4,480,000, of which approximately $214,000 was classified as current and approximately $4,266,000 as long-term, and increased accrued interest receivable by approximately $444,000 as of June 30, 2025. The correction also increased beginning net assets by approximately $4,704,000 and interest income and the change in net assets for the year ended June 30, 2025 by approximately $220,000. As a result, total assets and net assets as of June 30, 2025 increased by approximately $4,924,000. The correction increased net cash provided by operating activities by approximately $712,000 and decreased net cash used in investing activities by approximately $712,000. The correction had no effect on the Organization's total cash flows.

Going concern – In connection with the preparation of the consolidated financial statements for the year ended June 30, 2026, management conducted an evaluation as to whether there were conditions and events, considered in the aggregate, that raised substantial doubt as to the Organization's ability to continue as a going concern within one year after the date the consolidated financial statements were issued. Based on this evaluation, management concluded that there were no conditions or events that raised substantial doubt about the Organization's ability to continue as a going concern for that period.

Note 3 – Assets Limited as to Use

Assets limited as to use comprised the following as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Series 2024AB bonds		
Project reserve fund	$ -	$ 39,967
Capitalized interest fund	212	5,124
Insurance collateral	273	273
Wait list deposits and other	8,262	6,869
Subtotal	8,747	52,233
Less: amounts required for payment of current liabilities	(6,473)	(41,525)
Total	$ 2,274	$ 10,708

As of June 30, 2026 and 2025, the Organization maintained a letter of credit totaling $1,350,000 in lieu of requiring cash collateral for workers' compensation claims.

Note 4 – Investments

Investments comprised the following as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Investments	$ 186,684	$ 179,867
Less: investments, short-term	(88,661)	(46,843)
Total investments, long-term	$ 98,023	$ 133,024

The Organization's investment policy makes available only a portion of the Organization's total investment return, consisting of dividends and interest, net realized gains and losses, and principal, for the support of current operations and development; the remainder is retained to support operations of future years and to offset potential market declines.

The following schedule summarizes investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended June 30, 2026 and 2025 (in thousands):

	2026		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividend income	$ 6,055	$ 42	$ 6,097
Realized gains, net	4,227	38	4,265
Unrealized gains, net	11,854	-	11,854
Total investment returns	22,136	80	22,216
External investment expense	(247)	-	(247)
Investment returns, net	$ 21,889	$ 80	$ 21,969

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividend income	$ 6,226	$ 41	$ 6,267
Realized gains, net	1,475	62	1,537
Unrealized gains, net	8,313	-	8,313
Total investment returns	16,014	103	16,117
External investment expense	(238)	-	(238)
Investment returns, net	$ 15,776	$ 103	$ 15,879

Note 5 – Property and Equipment

As of June 30, 2026 and 2025, property and equipment comprised the following (in thousands):

	2026	2025
Land	$ 28,338	$ 28,338
Land improvements	7,605	7,355
Buildings and improvements	319,071	309,562
Furnishings and equipment	43,110	40,603
Capitalized computer hardware and software	179	1,939
Project development costs and construction in progress	103,415	52,394
Total property and equipment	501,718	440,191
Less accumulated depreciation	(186,276)	(175,699)
Property and equipment, net	$ 315,442	$ 264,492

Depreciation expense for the years ended June 30, 2026 and 2025, was approximately $15,663,000 and $15,015,000, respectively. Interest capitalized for the years ended June 30, 2026 and 2025, was approximately $4,651,000 and $5,058,000, respectively.

Note 6 – Notes Receivable

Notes receivable comprised the following as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Casa de los Amigos	$ 4,266	$ 4,480
Other	2,706	1,554
Total notes receivable	6,972	6,034
Less: current portion	(3,237)	(1,768)
Notes receivable, net of current portion	$ 3,735	$ 4,266

Casa de los Amigos – During fiscal year 2014, the Organization purchased a note receivable from Episcopal Housing Alliance and the Corp Sole (the Bishop of the Protestant Episcopal Church in Los Angeles). The note receivable was originally entered into on September 1, 2007, in the principal amount of $4,480,000, with an interest rate of 4.9% per annum and a maturity date of September 28, 2062. The note is subordinated to other notes payable of Casa de los Amigos, L.P., a California limited partnership. Interest payments are due annually on April 20 to the extent surplus cash is available, as determined in accordance with Casa de los Amigos' regulatory agreement with the U.S. Department of Housing and Urban Development (HUD). The current portion of the note receivable was approximately $531,000 and $214,000 as of June 30, 2026 and 2025, respectively.

Other notes receivable consists of short-term non-interest-bearing loans to incoming residents bridging deferred entrance fee payments to the sales of their homes.

Note 7 – Fair Value Measurements

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Level 1 measurements

Cash and cash equivalents – Cash and cash equivalents generally consist of actively traded money market funds that have daily quoted net asset values for identical assets that the Organization has the ability to access at the measurement date.

U.S. Treasury securities – Valuation is based on unadjusted quoted prices for identical assets in active markets that the Organization can access at the measurement date. The Organization considers all U.S. Treasury securities to be based on Level 1 fair value measurements.

Mutual funds – Mutual funds in this category are comprised primarily of underlying stocks and other ownership interests in companies. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Organization can access at the measurement date.

Equities and other investments – Equities and other investments include stocks and exchange-traded funds. Exchange-traded funds in this category are comprised primarily of underlying stocks and other ownership interests in companies. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Organization can access at the measurement date.

Level 2 measurements

Money market securities – The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Fixed-income securities – Fixed-income securities include corporate bonds, U.S. government and agency bonds, and other similar debt instruments. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Level 3 measurements

Split-interest agreements – Split-interest agreements include charitable gift annuities, valued at fair value by estimating the present value of expected future cash inflows.

Liability for losses during phase-out period of discontinued operations – The fair value of this liability is estimated as the present value of expected future cash outflows, which is calculated based on expected future revenues, less expected future expenses, of the former Scripps Kensington residents remaining at each fiscal year-end. The discount rate used was 5% for 2026 and 2025.

Investments measured using net asset value as a practical expedient

Certain alternative investments are valued using net asset value (NAV) as reported by the investment fund as a practical expedient for estimating fair value. These investments do not have readily determinable fair values and are not categorized within the fair value hierarchy.

Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts the Organization would realize in a current market exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair values. The estimates presented are based on pertinent information available to management as of June 30, 2026 and 2025. Current estimates of fair value may differ significantly from the amounts presented.

The following table sets forth, by level within the fair value hierarchy, assets and liabilities at fair value as of June 30, 2026 (in thousands):

		Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient
Investments					
Cash and cash equivalents	$ 308	$ 308	$ -	$ -	$ -
Money market securities	48,731	-	48,731	-	-
Mutual funds	136,863	136,863	-	-	-
Equities and other investments	325	325	-	-	-
Alternative investments	457	-	-	-	457
Total investments	$ 186,684	$ 137,496	$ 48,731	$ -	$ 457
Assets limited as to use					
Cash and cash equivalents	$ 8,747	$ 8,747	$ -	$ -	$ -
Total assets limited as to use	$ 8,747	$ 8,747	$ -	$ -	$ -
Split-interest agreements	$ 6	$ -	$ -	$ 6	$ -
Liability for losses during phase-out period of discontinued operations	$ 112	$ -	$ -	$ 112	$ -

The following table sets forth, by level within the fair value hierarchy, assets and liabilities at fair value as of June 30, 2025 (in thousands):

		Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV Practical Expedient
Investments					
Cash and cash equivalents	$ 163	$ 163	$ -	$ -	$ -
U.S. Treasury securities	219	219	-	-	-
Money market securities	53,212	-	53,212	-	-
Mutual funds	125,557	125,557	-	-	-
Alternative investments	716	-	-	-	716
Total investments	$ 179,867	$ 125,939	$ 53,212	$ -	$ 716
Assets limited as to use					
U.S. Treasury securities	$ 5,302	$ 5,302	$ -	$ -	$ -
Cash and cash equivalents	46,931	46,931	-	-	-
Total assets limited as to use	$ 52,233	$ 52,233	$ -	$ -	$ -
Split-interest agreements	$ 6	$ -	$ -	$ 6	$ -
Liability for losses during phase-out period of discontinued operations	$ 163	$ -	$ -	$ 163	$ -

The following table sets forth a summary of changes in the fair value of the investments measured using net asset value as a practical expedient and Level 3 assets and liabilities for the year ended June 30, 2026 (in thousands):

	NAV Practical Expedient Alternative Investments	Split-Interest Agreements	Liability for Losses During Phase-Out Period of Discontinued Operations
BALANCE, July 1, 2025	$ 716	$ 6	$ 163
Unrealized loss relating to instruments still held at the reporting date	(259)	-	-
Net costs paid during the period	-	-	(186)
Accretion	-	-	135
BALANCE, June 30, 2026	$ 457	$ 6	$ 112

The following table sets forth a summary of changes in the fair value of the investments measured using net asset value as a practical expedient and Level 3 assets and liabilities for the year ended June 30, 2025 (in thousands):

	NAV Practical Expedient Alternative Investments	Split-Interest Agreements	Liability for Losses During Phase-Out Period of Discontinued Operations
BALANCE, July 1, 2024	$ 770	$ 6	$ 228
Unrealized loss relating to instruments still held at the reporting date	(53)	-	-
Distributions	(1)	-	-
Net costs paid during the period	-	-	(273)
Accretion	-	-	208
BALANCE, June 30, 2025	$ 716	$ 6	$ 163

Note 8 – Deferred Revenue from Entrance Fees and Repayable Entrance Fees Liability

A summary of the changes in deferred revenue from entrance fees for the years ended June 30 is as follows (in thousands):

	2026	2025
BALANCE, beginning of year	$ 37,590	$ 32,838
New fees received	14,198	11,795
Discharges	(4,226)	(5,410)
Amortization of entrance fees	(3,091)	(1,633)
BALANCE, end of year	$ 44,471	$ 37,590

A summary of the changes in the repayable entrance fees liability for the years ended June 30 is as follows (in thousands):

	2026	2025
BALANCE, beginning of year	$ 234,342	$ 236,943
New fees received	27,623	22,658
Entrance fees refunded	(29,178)	(25,259)
BALANCE, end of year	$ 232,787	$ 234,342

Based on the past five years, actual refunds have averaged approximately $28,510,000 per year for the potentially refundable declining period.

Note 9 – Long-Term Debt

On July 29, 2021, ECS, sole member of MCINC, entered into a Bond Purchase Agreement for the sale and issuance by ECS to certain investors of (i) the ECS 3.04% Senior Secured Bonds, Series 2022A, due May 15, 2047, in the original aggregate principal amount of $52,495,000 (the “Series 2022A Bonds”); and (ii) the ECS 2.89% Senior Secured Bonds, Series 2022B, due November 15, 2044, in the original aggregate principal amount of $37,790,000 (the “Series 2022B Bonds”; together with the Series 2022A Bonds, the “Series 2022 Bonds”). The Series 2022 Bonds were issued on a forward delivery basis, with the Series 2022A Bonds issued on May 16, 2022 (the “First Delivery Date”), and the Series 2022B Bonds issued on November 15, 2022 (the “Second Delivery Date”). The proceeds of the Series 2022A Bonds were used to redeem all the California Statewide Communities Development Authority Revenue Refunding Bonds, Series 2012 (Episcopal Communities & Services) (the “ECS Series 2012 Bonds”) on the First Delivery Date. The proceeds of the Series 2022B Bonds were used to redeem all the Los Angeles County Regional Financing Authority Insured Revenue Bonds Series 2014A (MonteCedro Inc. Project) (the “MonteCedro Series 2014A Bonds”) on the Second Delivery Date.

Upon issuance of the Series 2022A Bonds and the redemption of the ECS Series 2012 Bonds on the First Delivery Date, the existing master trust indenture was replaced with the Master Trust Indenture (Amended and Restated), with ECS remaining as the Obligation Group Representative. The related deeds of trust under the prior master trust indenture were released. Upon the issuance of the Series 2022B Bonds and the redemption of the MonteCedro Series 2014A Bonds on the Second Delivery Date, MonteCedro joined the Obligated Group under the Master Trust Indenture (Amended and Restated). The related deeds of trust under the prior master trust indenture were released. The Series 2022A Bonds and the Series 2022B Bonds are each secured by an Obligation under the Master Trust Indenture (Amended and Restated).

In January 2024, the California Health Facilities Financing Authority issued Revenue Bonds (Episcopal Communities & Services) in the aggregate principal amount of $109,982,410, comprising $30,000,000 of Series 2024A Bonds (Initial Entrance Fees) and $75,515,000 in Series 2024B Bonds. These bonds were issued at a premium of $4,467,410. The Series 2024A Bonds, bearing interest at 3.85%, mature on November 15, 2027. The Series 2024B Bonds, bearing interest between 5.00% and 5.25%, have staggered maturities ranging from November 15, 2028, through November 15, 2058.

The proceeds from the Series 2024 Bonds were used to finance the acquisition, construction, expansion, and renovation of senior living and related facilities owned and operated by ECS. Specifically, the funds are being applied to redevelopment and expansion projects at the campuses of The Canterbury, The Covington, and MonteCedro, as well as to fund capitalized interest for 28 months and pay issuance-related costs.

The Series 2024 Bonds are limited obligations of the California Health Facilities Financing Authority, payable solely from the revenues pledged under the bond indenture. The primary source of these revenues is loan repayments made by ECS under the loan agreement, which is secured by the Series 2024 Obligation. The Series 2024 Obligation was issued pursuant to the Master Trust Indenture (Amended and Restated), which outlines the obligations of ECS as the sole member of the Obligated Group. Under this indenture, ECS and any future members of the Obligated Group are jointly and severally responsible for ensuring payments are made on the Series 2024 Obligation, sufficient to cover both principal and interest due on the bonds. This repayment obligation is further secured by a pledge of all Gross Revenues of the Obligated Group, which are deposited into a designated Gross Revenue Fund. However, the Series 2024 Bonds do not benefit from any direct security in the form of a mortgage or deed of trust on real property, and therefore bondholders do not have a claim on specific ECS real estate assets in the event of default.

At June 30, 2026 and 2025, the Organization recorded an arbitrage rebate liability of approximately $467,000 and $381,000, respectively, related to its tax-exempt bonds, which is presented within other liabilities as a long-term obligation on the consolidated statement of financial position.

The outstanding balances of these bonds were as follows as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Series 2024A, interest rates of 3.85% per annum, with principal payment due November 15, 2027	$ 30,000	$ 30,000
Series 2024B, interest rates from 5% to 5.25% per annum, with principal payments annually from November 15, 2028 to November 15, 2058	75,515	75,515
Series 2022A, interest rate of 3.04% per annum, with principal payments due annually from May 15, 2023 to May 15, 2047	46,575	48,125
Series 2022B, interest rate of 2.89% per annum, with principal payments due annually from November 15, 2023 to November 15, 2044	33,950	35,265
Subtotal	186,040	188,905
Less current portion including current portion of unamortized premium of $187 at June 30, 2026 and 2025	(3,141)	(3,052)
Less capitalized financing costs, net of accumulated amortization of $580 and $370 at June 30, 2026 and 2025, respectively	(2,083)	(2,293)
Plus unamortized bond premium on Series 2024AB	4,036	4,223
Total	$ 184,852	$ 187,783

Aggregate maturities of long-term debt are as follows (in thousands):

Years Ending June 30,	Series 2022A	Series 2022B	Series 2024AB	Total
2027	$ 1,600	$ 1,355	$ -	$ 2,955
2028	1,645	1,395	30,000	33,040
2029	1,700	1,440	1,030	4,170
2030	1,750	1,485	1,080	4,315
2031	1,810	1,525	1,135	4,470
Thereafter	38,070	26,750	72,270	137,090
Total	$ 46,575	$ 33,950	$ 105,515	$ 186,040

The Series 2022 and Series 2024 Bonds contain certain covenants related to debt service coverage ratio and days cash on hand. Management believes the Organization was in compliance with its bond covenants as of June 30, 2026.

Note 10 – Net Assets

Net assets without donor restriction – Board-designated – The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code. The Board of Directors has identified certain contingencies, listed below, to which the net assets of the Organization without donor restriction may be exposed and therefore directed that prudent reserves be established as a safeguard against such contingencies. Although not restricted in accordance with U.S. GAAP, the following net assets without donor restriction, excluding Board designations for entities with net deficits, represent the current intentions of the Board of Directors and are comprised of the following as of June 30, 2026 and 2025 (in thousands):

	2026	2025
The Canterbury Entrance Fee Reserve Fund	$ 35,632	$ 35,995
Strategic Fund	14,804	16,590
Mission Expansion Fund	14,216	15,648
ECS Contingency Reserve Fund	5,486	4,872
Program Expansion Fund	2,495	2,270
Benevolence Funds	2,478	2,202
Ziegler Link Age Fund	289	280
Covington Pastoral Care Fund	153	153
General Fund	171	94
Total	$ 75,724	$ 78,104

Maintaining such reserves meets the needs of the life plan communities by providing a source of funds to replace property, plant, and equipment; fund benevolence programs for qualified residents; fund growth of the Organization; pay entrance fees as they become due at the Canterbury; fund administrative and general expenses associated with fundraising activities; fund the care and services for the Scripps Kensington life plan residents; and fund other planned and unplanned liabilities of the Organization. The following is a description of Board-designated net assets:

- *The Canterbury Entrance Fee Reserve Fund* – Represents funds available for entrance fee refunds for the Canterbury facility.

- *Strategic Fund* – Represents funds available to support the Organization's growth initiatives and support of the Organization's affiliates.

- *Mission Expansion Fund* – Represents funds available to be utilized for the costs associated with the development of new communities, redevelopment of existing communities, and expansion of programs.

- *ECS Contingency Reserve Fund* – Represents funds available for expenditures not typically planned for in the normal course of operations and/or in connection with strategic opportunities.

- *Program Expansion Fund* – Represents funds available for the purpose of supporting the Organization's charitable mission.

- *Benevolence Funds* – Represents funds to be used for operating and capital needs associated with facilities and to assist qualifying residents with medical care expenses.

- *Ziegler Link Age Fund* – Represents investments in venture-stage companies developing technology innovations to enhance senior living.

- *Covington Pastoral Care Fund* – Represents funds available for an annual Pastoral Care event to enhance the spiritual lives of residents and the wider community.

- *General Fund* – Represents funds available for purposes designated by the Board of Directors, including funds available for the purpose of funding the administrative and general expense associated with ECSSFM's fundraising activities.

Net assets with donor restrictions – Net assets restricted by donors were available for the following time periods or purposes as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Subject to the passage of time	$ 6	$ 6
Subject to expenditure for a specified purpose		
Program & Services	420	514
Resident Assurance	116	114
Staff Assistance for Emergencies	237	341
Creative Living Plus	208	208
By Your Side	149	-
Employee Education	165	23
Living & Learning	17	21
Music & Memory	1	1
Core Value	8	8
Capital Projects	2	2
Schumacher Concert Series	1	1
Total expenditure	1,324	1,233
Subject to spending policy and appropriation		
Investment in perpetuity (all amounts above original gift amount were appropriated during the year to support)		
David and Margaret Schumacher Concert Series Endowment Fund	531	495
Endowed Employee Education Fund Scholarships	327	304
John Henry Dilkes Memorial Fund	295	275
Total investment	1,153	1,074
Total net assets with donor restrictions	$ 2,483	$ 2,313

Net assets released from restriction through the satisfaction of donor restrictions were approximately $300,000 and $124,000 for the years ended June 30, 2026 and 2025, respectively, and are reported as net assets released from restrictions in the accompanying consolidated statements of changes in net assets.

The following is a description of the net assets with donor restrictions:

- *Program & Services Funds* – Represents funds used to support programs and services that enhance the lives of residents.
- *Resident Assurance Funds* – Represents funds used to care for residents who, through no fault of their own, are unable to pay the entire amount of fees associated with the provision of accommodations and services.
- *Staff Assistance Fund for Emergencies (S.A.F.E.)* – Represents funds to provide monetary assistance to employees in times of immediate need.
- *Creative Living Plus Funds* – Represents funds used to support training and services that help residents maintain their independence as they age in place.
- *By Your Side Funds* – Represents funds used to provide end-of-life training, support, and placement, to equip volunteer and professional caregivers to serve as a compassionate presence for residents and the wider community.
- *Employee Education Funds* – Represents financial assistance to staff members who pursue education outside of the workplace.
- *Living & Learning Funds* – Represents funds that support the life enrichment of former Scripps Kensington residents through cultural, environmental, and recreational programs.
- *Music & Memory Funds* – Represents funds that support the Music & Memory program, which helps memory care residents find renewed meaning and connection in their lives through the gift of personalized music.
- *Core Value Funds* – Represents funds that support annual awards to employees recognizing their superior performance in demonstrating ECS's core values.
- *Capital Project Funds* – Represents funds to support capital projects that enhance the lives of residents.
- *The David and Margaret Schumacher Concert Series Endowment Fund* – Represents an endowment fund created to provide and support musical performances at the Covington in perpetuity.
- *Endowed Employee Education and Scholarship Funds* – Represents endowed scholarship funds that are intended for annual employee education scholarships to be awarded in perpetuity.

- *The John Henry Dilkes Memorial Fund* – Represents an endowment fund created to provide and support activities programs at the Covington in perpetuity. These programs may include, but are not limited to, educational opportunities in fine arts.

Note 11 – Endowment

The Organization's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The Organization has interpreted relevant state law as requiring preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

According to the Organization's investment guidelines, the Organization's endowment assets are currently invested in the Organization's investment portfolio, which is supervised by an independent registered investment advisor. The primary long-term investment objective is to preserve and enhance the real (inflation-adjusted) purchasing power of the portfolio, net of annual withdrawals. If the fair value of the endowment assets falls below the level required by the donor or laws, the reduction is made to net assets with donor restrictions.

The goals of the funds are as follows: (a) maintain purchasing power; (b) maintain the level of programs and services currently provided; (c) maximize return within reasonable and prudent levels of risk; and (d) maintain an appropriate asset allocation based on a total return policy that is compatible with spending policy, while still having the potential to produce positive real returns.

Endowment net asset composition by type of fund as of June 30, 2026, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ (10)	$ 1,153	$ 1,143
Board-designated endowment funds	19,524	-	19,524
Total endowment funds	$ 19,514	$ 1,153	$ 20,667

Changes in endowment net assets for the fiscal year ended June 30, 2026, were as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 20,368	$ 1,074	$ 21,442
Investment return, net	2,741	79	2,820
Contributions	915		915
Appropriation of endowment assets for expenditure	(4,510)	-	(4,510)
Endowment net assets, end of year	$ 19,514	$ 1,153	$ 20,667

Endowment net asset composition by type of fund as of June 30, 2025, was as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ (10)	$ 1,074	$ 1,064
Board-designated endowment funds	20,378	-	20,378
Total endowment funds	$ 20,368	$ 1,074	$ 21,442

Changes in endowment net assets for the fiscal year ended June 30, 2025, were as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 21,063	$ 971	$ 22,034
Investment return, net	1,996	103	2,099
Appropriation of endowment assets for expenditure	(2,691)	-	- (2,691)
Endowment net assets, end of year	$ 20,368	$ 1,074	$ 21,442

Note 12 – Functional Expenses

The consolidated financial statements report certain expense categories that are attributable to more than one residential, health care, or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest, and other occupancy costs, are allocated to a function based on a square-footage or units-of-services basis.

Expenses related to providing these services for the fiscal year ended June 30, 2026, were as follows (in thousands):

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Total
Salaries and wages	$ 19,616	$ 6,645	$ 160	$ 26,421
Employee benefits	8,062	2,251	42	10,355
Professional services	248	496	-	744
Supplies and other	23,022	3,981	12	27,015
Interest	2,400	50	-	2,450
Depreciation and amortization	15,368	505	-	15,873
Total services	$ 68,716	$ 13,928	$ 214	$ 82,858

Expenses related to providing these services for the fiscal year ended June 30, 2025, were as follows (in thousands):

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Total
Salaries and wages	$ 20,405	$ 6,319	$ 133	$ 26,857
Employee benefits	8,161	2,203	36	10,400
Professional services	19	500	-	519
Supplies and other	24,351	3,788	13	28,152
Interest	2,526	52	-	2,578
Depreciation and amortization	14,776	449	-	15,225
Total services	$ 70,238	$ 13,311	$ 182	$ 83,731

Note 13 – Retirement Plans

The Organization maintains a safe harbor 401(k) retirement plan for all eligible employees of the Organization. The plan allows for employer non-elective contributions, including a mandatory 3% employer contribution. The plan also allows for discretionary match contributions, approved on an annual basis. Total pension plan contributions in connection with the 401(k) retirement plan for the fiscal years ended June 30, 2026 and 2025, were approximately $1,180,000 and $1,178,000, respectively.

In addition, the Organization contributed approximately $88,000 and $116,000 to the church pension fund for the Episcopal chaplains for the fiscal years ended June 30, 2026 and 2025, respectively.

The Organization also maintains a 457(b) plan for executives who have completed six months of continuous service. The 457(b) plan allows for salary reduction contributions and employer discretionary contributions. Total contributions in connection with the 457(b) plan for the fiscal years ended June 30, 2026 and 2025, were approximately $237,000 and $223,000, respectively.

Effective July 1, 2013, the Organization created a 457(f) plan for a select group of executives. The plan allows for discretionary employer contributions. There were no contributions made to the plan during the fiscal years ended June 30, 2026 and 2025.

Note 14 – Significant Concentrations

The Organization maintains its cash in bank deposit accounts that may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash, cash equivalents, and assets limited as to use. As of June 30, 2026, cash balances included in cash and cash equivalents and assets limited as to use on the accompanying consolidated statements of financial position held at one bank exceeded federally insured limits by approximately $18,574,000. In addition, cash and cash equivalents included in assets limited as to use held at another financial institution exceeded federally insured limits by approximately $5,920,000.

Note 15 – Contingencies

The Organization is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation. Government activity with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding, and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient revenues. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the Organization’s future financial position or results of operations.

The Organization is also subject to legal proceedings that arise in the ordinary course of its business. In the opinion of management and legal counsel, the outcomes of such matters will not have a material effect on the financial position of the Organization.

Note 16 – Leases

The Organization leases its administrative office in Monrovia, California, under a lease that expires on September 30, 2027. Quantitative disclosures related to the Organization's operating leases are as follows as of June 30, 2026 and 2025 (in thousands):

	2026	2025
Operating lease right-of-use assets		
Operating lease assets	$ 2,270	$ 2,270
Accumulated amortization	(1,942)	(1,691)
Total	$ 328	$ 579
Other information		
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	$ 323	$ 313
Weighted-average remaining lease term (in years)	1.25	2.25
Weighted-average discount rate	3.00%	3.00%

The Organization subleases office space at its administrative office in Monrovia, California. Sublease income recognized during the years ended June 30, 2026 and 2025, was approximately $211,000 and $235,000, respectively, and is included in other operating revenue on the accompanying consolidated statements of operations.

The minimum lease liabilities in future fiscal years are as follows (in thousands):

Fiscal Years	
2027	$ 333
2028	84
Total	417
Less amount representing interest	8
Total operating lease liabilities	409
Current portion of operating lease liabilities	(325)
Operating lease liabilities, net of current portion	$ 84

Note 17 – Sale of Scripps Kensington and Liability for Losses During Phase-Out Period of Discontinued Operations

Scripps Kensington was sold on October 15, 2010, for a total price of $21,500,000. The net gain on sale of $11,087,000 is restricted by the Office of the Attorney General of California to provide care and services to the existing Scripps Kensington residents and for the development of the MonteCedro facility if determined feasible by the Organization.

As part of the disposal, management has calculated an estimated provision and liability for losses expected to be incurred during the phase-out period of discontinued operations. The liability is calculated using present value techniques with a 5% discount rate for 2026 and 2025.

A summary of the activities for the years ended June 30, 2026 and 2025, is as follows (in thousands):

	2026	2025
Total costs expected to be incurred as a result of the discontinued facility	$ 13,689	$ 13,543
Costs incurred during the period	$ 197	$ 274
Cumulative costs incurred	$ 13,577	$ 13,380
Changes in the liability for losses during phase-out period of discontinued operations are as follows:		
Liability for losses during phase-out period of discontinued operations, beginning of year	$ 163	$ 228
Net costs paid during the period	(186)	(273)
Accretion	135	208
Liability for losses during phase-out period of discontinued operations, end of year	$ 112	$ 163

The estimated future payments on the phase-out of discontinued operations are as follows (in thousands):

Years Ending June 30,	
2027	$ 40
2028	31
2029	23
2030	18
	$ 112

Note 18 – Liquidity and Availability

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Organization invests cash in excess of its operating, capital expenditure, and debt service requirements in various investments according to its Investment Policy.

The Organization's financial assets available to meet general expenditures within one year of the consolidated statement of financial position date are as follows (in thousands):

Cash and cash equivalents	$	17,207
Investments, short-term		88,661
Accounts receivable, net		1,350
Notes receivable, net, short-term		3,237
Total liquidity	$	110,455

Additionally, the Organization has assets limited as to use for deposits held in trust and various required reserves. These assets limited as to use, which are more fully described in Notes 3 and 4, are not available for general expenditure within the next year.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements.

Management evaluated subsequent events through October 7, 2026, which is the date the consolidated financial statements were issued.

Supplementary Information – 2026

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2026

ASSETS

	Episcopal Communities & Services for Seniors (ECS)															
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT ASSETS															
Cash and cash equivalents	$ 63	$ 1,798	$ 2,352	$ 6,272	$ 10,485	$ 3,778	$ 14,263	$ 681	$ 3	$ 357	$ 1,660	$ 243	$ -	$ -	$ 17,207
Investments, short-term	-	35,698	28,869	9,034	73,601	-	73,601	-	-	-	15,060	-	-	-	88,661
Accounts receivable, net	2	722	202	424	1,350	-	1,350	-	-	-	-	-	-	-	1,350
Other receivables	-	4	46	43	93	-	93	-	-	130	-	-	-	-	223
Inventories	-	41	39	91	171	-	171	-	-	-	-	-	-	-	171
Prepaid expenses and other current assets	5	351	592	576	1,524	11	1,535	153	-	13	-	38	-	-	1,739
Current portion of notes receivable	-	668	847	1,191	2,706	-	2,706	-	-	531	-	-	-	-	3,237
Assets limited as to use, required for current liabilities	-	43	52	6,378	6,473	-	6,473	-	-	-	-	-	-	-	6,473
Due from related parties	-	-	-	-	-	499	499	-	-	-	-	-	-	(499)	-
Total current assets	70	39,325	32,999	24,009	96,403	4,288	100,691	834	3	1,031	16,720	281	-	(499)	119,061
PROPERTY AND EQUIPMENT, net	-	28,898	68,707	201,743	299,348	25	299,373	6,645	-	695	-	8,729	-	-	315,442
OTHER ASSETS															
Investments, long-term	22	5,419	22,998	49,261	77,700	-	77,700	15,093	-	-	5,150	80	-	-	98,023
Notes receivable, net of current portion	-	-	-	-	-	686	686	4,524	-	3,735	-	-	-	(5,210)	3,735
Assets limited as to use, net of current portion	166	187	1,627	294	2,274	-	2,274	-	-	-	-	-	-	-	2,274
Operating lease right-of-use assets,	-	-	-	-	-	-	-	328	-	-	-	-	-	-	328
Other assets	35	-	-	902	937	4	941	22	-	-	5	-	-	-	968
Interest in related parties' net assets	260	2,297	871	282	3,710	22,639	26,349	(1,089)	(120)	210	-	4	-	(25,354)	-
Total other assets	483	7,903	25,496	50,739	84,621	23,329	107,950	18,878	(120)	3,945	5,155	84	-	(30,564)	105,328
Total assets	$ 553	$ 76,126	$ 127,202	$ 276,491	$ 480,372	$ 27,642	$ 508,014	$ 26,357	$ (117)	$ 5,671	$ 21,875	$ 9,094	$ -	$ (31,063)	$ 539,831

See report of independent auditors

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2026

LIABILITIES AND NET ASSETS (DEFICIT)

	Episcopal Communities & Services for Seniors (ECS)															
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT LIABILITIES															
Accounts payable and accrued expenses	$ -	$ 688	$ 696	$ 8,011	$ 9,395	$ 460	$ 9,855	$ 71	$ -	$ -	$ -	$ 72	$ -	$ -	$ 9,998
Accrued compensation, payroll taxes, and benefits	5	1,246	1,471	1,447	4,169	644	4,813	1,001	-	10	-	-	-	-	5,824
Interest payable	-	52	185	274	511	-	511	-	-	-	-	-	-	-	511
Entrance fee refunds upon re-occupancy payable	-	784	2,101	1,501	4,386	-	4,386	-	-	-	-	-	-	-	4,386
Other current liabilities	-	163	474	2	639	-	639	-	-	-	-	-	-	-	639
Due to related parties	3	143	107	153	406	-	406	14	-	20	21	38	-	(499)	-
Deferred revenue	-	-	-	121	121	-	121	-	-	-	-	-	-	-	121
Current portion of liability for losses during phase-out period of discontinued operations	40	-	-	-	40	-	40	-	-	-	-	-	-	-	40
Operating lease liability, current portion	-	-	-	-	-	-	-	325	-	-	-	-	-	-	325
Current portion of long-term debt	-	159	1,519	1,463	3,141	-	3,141	-	-	-	-	-	-	-	3,141
Total current liabilities	48	3,235	6,553	12,972	22,808	1,104	23,912	1,411	-	30	21	110	-	(499)	24,985
OTHER LIABILITIES															
Note payable to related parties	-	-	-	-	-	-	-	-	-	686	-	4,524	-	(5,210)	-
Deposits from residents	2	131	167	6,554	6,854	-	6,854	-	-	-	-	-	-	-	6,854
Liability for refundable and repayable entrance fees	-	20,323	79,093	128,985	228,401	-	228,401	-	-	-	-	-	-	-	228,401
Deferred revenue from entrance fees	-	5,193	22,369	16,909	44,471	-	44,471	-	-	-	-	-	-	-	44,471
Liability for losses during phase-out period of discontinued operations, net of current portion	72	-	-	-	72	-	72	-	-	-	-	-	-	-	72
Operating lease liability	-	-	-	-	-	-	-	84	-	-	-	-	-	-	84
Arbitrage rebate liability	-	75	65	327	467	-	467	-	-	-	-	-	-	-	467
Long-term debt, net of current maturities	-	21,117	56,083	107,652	184,852	-	184,852	-	-	-	-	-	-	-	184,852
Total other liabilities	74	46,839	157,777	260,427	465,117	-	465,117	84	-	686	-	4,524	-	(5,210)	465,201
Total liabilities	122	50,074	164,330	273,399	487,925	1,104	489,029	1,495	-	716	21	4,634	-	(5,709)	490,186
NET ASSETS (DEFICIT)															
Without donor restriction	337	26,037	(38,402)	2,856	(9,172)	25,516	16,344	24,863	(104)	4,799	19,581	4,456	-	(22,777)	47,162
With donor restriction	94	15	1,274	236	1,619	1,022	2,641	(1)	(13)	156	2,273	4	-	(2,577)	2,483
Total net assets (deficit)	431	26,052	(37,128)	3,092	(7,553)	26,538	18,985	24,862	(117)	4,955	21,854	4,460	-	(25,354)	49,645
Total liabilities and net assets (deficit)	$ 553	$ 76,126	$ 127,202	$ 276,491	$ 480,372	$ 27,642	$ 508,014	$ 26,357	$ (117)	$ 5,671	$ 21,875	$ 9,094	$ -	$ (31,063)	$ 539,831

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Operations (Dollars in Thousands)
Year Ended June 30, 2026

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Operating revenue and other support															
Resident care fees, net	$ -	$ 13,572	$ 17,932	$ 19,397	$ 50,901	$ -	$ 50,901	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,901
Ancillary services	-	1,695	1,433	1,201	4,329	-	4,329	-	-	-	-	-	-	-	4,329
Amortization of entrance fees	-	1,114	3,738	2,465	7,317	-	7,317	-	-	-	-	-	-	-	7,317
Service revenue	-	3,676	1,927	2,149	7,752	-	7,752	-	-	-	-	-	-	-	7,752
Management fee revenue	-	-	-	-	-	-	-	5,726	-	-	-	-	-	(5,726)	-
Contributions	-	81	178	-	259	234	493	-	-	-	-	-	-	-	493
Miscellaneous income	-	66	50	929	1,045	-	1,045	239	-	42	-	-	-	(237)	1,089
Total operating revenue and other support	-	20,204	25,258	26,141	71,603	234	71,837	5,965	-	42	-	-	-	(5,963)	71,881
Investment returns available for current operations															
Dividends and interest	-	1,273	1,765	1,860	4,898	-	4,898	417	-	212	521	7	-	-	6,055
Net realized gains	-	1,023	965	1,274	3,262	-	3,262	332	-	-	633	-	-	-	4,227
Unrealized gains	-	2,852	2,529	3,464	8,845	-	8,845	1,396	-	-	1,613	-	-	-	11,854
Investment expenses	-	(54)	(68)	(79)	(201)	-	(201)	(20)	-	-	(26)	-	-	-	(247)
Total investment returns available for current operations	-	5,094	5,191	6,519	16,804	-	16,804	2,125	-	212	2,741	7	-	-	21,889
Total operating revenue, other support and investment returns	-	25,298	30,449	32,660	88,407	234	88,641	8,090	-	254	2,741	7	-	(5,963)	93,770
OPERATING EXPENSES															
Departmental expenses															
General and administrative	-	4,929	5,150	5,468	15,547	-	15,547	6,110	-	306	-	218	-	(5,963)	16,218
Dining service	-	3,331	4,736	3,925	11,992	-	11,992	-	-	-	-	1	-	-	11,993
Nursing service, routine	-	6,516	5,229	5,548	17,293	-	17,293	-	-	-	-	2	-	-	17,295
Residential services	-	925	1,471	1,374	3,770	-	3,770	-	-	-	-	828	-	-	4,598
Environmental services	-	2,642	4,251	3,998	10,891	-	10,891	-	-	-	-	110	-	-	11,001
Other expenses	-	472	801	1,713	2,986	-	2,986	26	-	49	-	75	-	-	3,136
Total departmental expenses	-	18,815	21,638	22,026	62,479	-	62,479	6,136	-	355	-	1,234	-	(5,963)	64,241
DEPRECIATION	-	3,150	6,224	5,637	15,011	-	15,011	263	-	-	-	389	-	-	15,663
OTHER EXPENSES															
Interest expense	-	113	1,342	995	2,450	-	2,450	-	-	-	-	-	-	-	2,450
Amortization expense	-	41	66	103	210	-	210	-	-	-	-	-	-	-	210
Income tax expense	-	-	-	-	-	-	-	12	-	-	-	-	-	-	12
Loss on disposal of property and equipment	-	62	155	12	229	6	235	35	-	-	-	12	-	-	282
Total other expenses (income), net	-	216	1,563	1,110	2,889	6	2,895	47	-	-	-	12	-	-	2,954
Total operating expenses	-	22,181	29,425	28,773	80,379	6	80,385	6,446	-	355	-	1,635	-	(5,963)	82,858
Excess (deficiency) of revenue over expenses	$ -	$ 3,117	$ 1,024	$ 3,887	$ 8,028	$ 228	$ 8,256	$ 1,644	$ -	$ (101)	$ 2,741	$ (1,628)	$ -	$ -	$ 10,912

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Changes in Net Assets (Dollars in Thousands)
Year Ended June 30, 2026

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Excess (deficiency) of revenue over expenses	$ -	$ 3,117	$ 1,024	$ 3,887	$ 8,028	$ 228	$ 8,256	$ 1,644	$ -	$ (101)	$ 2,741	$ (1,628)	$ -	$ -	$ 10,912
Accretion of losses during phase-out period of discontinued operations	(135)	-	-	-	(135)	-	(135)	-	-	-	-	-	-	-	(135)
Net assets released from restrictions, used for capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	300	300
Change in interest in related parties' net assets	-	324	-	-	324	1,658	1,982	256	-	-	-	-	-	(2,238)	-
Total change in net assets without donor restriction	(135)	3,441	1,024	3,887	8,217	1,886	10,103	1,900	-	(101)	2,741	(1,628)	-	(1,938)	11,077
CHANGE IN NET ASSETS WITH DONOR RESTRICTION															
Contributions	-	8	8	25	41	349	390	-	-	-	-	-	-	-	390
Dividends and interest	-	-	-	-	-	-	-	-	-	-	42	-	-	-	42
Investment loss, net	-	-	-	-	-	-	-	-	-	-	38	-	-	-	38
Net assets released from restrictions used for capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	(300)	(300)
Change in interest in related parties' net assets	-	11	62	7	80	-	80	-	-	-	-	-	-	(80)	-
Total change in net assets with donor restriction	-	19	70	32	121	349	470	-	-	-	80	-	-	(380)	170
CHANGE IN NET ASSETS	(135)	3,460	1,094	3,919	8,338	2,235	10,573	1,900	-	(101)	2,821	(1,628)	-	(2,318)	11,247
TRANSFER OF NET ASSETS, net															
Without donor restriction	93	(5,530)	(1,737)	6,787	(387)	(1,717)	(2,104)	(1,105)	-	80	(3,538)	3,326	860	2,481	-
With donor restriction	(3)	-	(7)	(109)	(119)	(48)	(167)	-	-	-	222	-	-	(55)	-
Total transfers of net assets (net)	90	(5,530)	(1,744)	6,678	(506)	(1,765)	(2,271)	(1,105)	-	80	(3,316)	3,326	860	2,426	-
Total change in net assets	(45)	(2,070)	(650)	10,597	7,832	470	8,302	795	-	(21)	(495)	1,698	860	108	11,247
NET ASSETS, beginning of year	476	28,122	(36,478)	(7,505)	(15,385)	26,068	10,683	24,067	(117)	4,976	22,349	2,762	(860)	(25,462)	38,398
NET ASSETS, end of year	$ 431	$ 26,052	$ (37,128)	$ 3,092	$ (7,553)	$ 26,538	$ 18,985	$ 24,862	$ (117)	$ 4,955	$ 21,854	$ 4,460	$ -	$ (25,354)	$ 49,645

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2026

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	CHS LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
OPERATING ACTIVITIES															
Cash received															
Resident care fees	$ 35	$ 15,335	$ 19,517	$ 21,614	$ 56,501	$ -	$ 56,501	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 56,501
Entrance fees	-	5,358	16,126	20,337	41,821	-	41,821	-	-	-	-	-	-	-	41,821
Contributions	-	90	186	25	301	583	884	-	-	-	-	-	-	-	884
Investment income	-	1,273	1,765	1,860	4,898	-	4,898	417	-	612	563	7	-	-	6,497
Transfers (to) from related parties	3	(6)	(69)	(21)	(93)	112	19	(7)	-	(6)	(6)	-	-	-	-
Management fee revenue	-	-	-	-	-	-	-	5,726	-	-	-	-	-	(5,726)	-
Service revenue	-	3,676	1,927	2,149	7,752	-	7,752	-	-	-	-	-	-	-	7,752
Other	4	66	50	913	1,033	-	1,033	233	-	43	-	-	-	(233)	1,076
Cash disbursed															
Cash paid to employees and suppliers	(243)	(18,543)	(22,576)	(22,313)	(63,675)	(187)	(63,862)	(6,080)	-	(407)	(27)	(1,328)	-	5,959	(65,745)
Interest	-	(186)	(1,429)	(1,255)	(2,870)	-	(2,870)	-	-	-	-	-	-	-	(2,870)
Net cash provided by (used in) operating activities	(201)	7,063	15,497	23,309	45,668	508	46,176	289	-	242	530	(1,321)	-	-	45,916
INVESTING ACTIVITIES															
Investment income reinvested	-	(1,219)	(1,697)	(1,996)	(4,912)	-	(4,912)	(394)	-	-	(538)	(6)	-	-	(5,850)
Purchase of investments	-	(6,056)	(1,799)	(28,655)	(36,510)	-	(36,510)	-	-	-	(789)	-	-	-	(37,299)
Proceeds from sale of investments	-	10,900	3,900	34,634	49,434	-	49,434	3,900	-	-	4,419	-	-	-	57,753
Purchase of property and equipment	-	(6,296)	(14,672)	(37,468)	(58,436)	-	(58,436)	(4,157)	-	(208)	-	(1,862)	-	-	(64,663)
Issuance of notes receivable	-	(79)	(193)	(1,407)	(1,679)	-	(1,679)	-	-	-	-	-	-	-	(1,679)
Collection of notes receivable	-	364	749	-	1,113	-	1,113	274	-	214	-	-	-	(860)	741
Net cash provided by (used in) investing activities	-	(2,386)	(13,712)	(34,892)	(50,990)	-	(50,990)	(377)	-	6	3,092	(1,868)	-	(860)	(50,997)
FINANCING ACTIVITIES															
Payment of long-term debt	-	(113)	(1,437)	(1,315)	(2,865)	-	(2,865)	-	-	-	-	-	-	-	(2,865)
Refund of entrance fees	-	(8,233)	(8,432)	(12,513)	(29,178)	-	(29,178)	-	-	-	-	-	-	-	(29,178)
Repayment of note payable	-	-	-	-	-	-	-	-	-	-	-	-	(860)	860	-
Transfer of net assets	244	(5,537)	(1,744)	6,760	(277)	(583)	(860)	(89)	-	80	(3,316)	3,325	860	-	-
Net cash provided by (used in) financing activities	244	(13,883)	(11,613)	(7,068)	(32,320)	(583)	(32,903)	(89)	-	80	(3,316)	3,325	-	860	(32,043)
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	43	(9,206)	(9,828)	(18,651)	(37,642)	(75)	(37,717)	(177)	-	328	306	136	-	-	(37,124)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	186	11,234	13,859	31,595	56,874	3,853	60,727	858	3	29	1,354	107	-	-	63,078
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 229	$ 2,028	$ 4,031	$ 12,944	$ 19,232	$ 3,778	$ 23,010	$ 681	$ 3	$ 357	$ 1,660	$ 243	$ -	$ -	$ 25,954

See report of independent auditors

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2026

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES															
Change in net assets	$ (45)	$ (2,070)	$ (650)	$ 10,597	$ 7,832	$ 470	8,302	$ 795	$ -	$ (21)	$ (495)	$ 1,698	$ 860	$ 108	$ 11,247
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities															
Amortization of entrance fees	-	(1,114)	(3,738)	(2,465)	(7,317)	-	(7,317)	-	-	-	-	-	-	-	(7,317)
Amortization of premium	-	-	-	(187)	(187)	-	(187)	-	-	-	-	-	-	-	(187)
Amortization of financing costs	-	41	66	103	210	-	210	-	-	-	-	-	-	-	210
Depreciation	-	3,150	6,224	5,637	15,011	-	15,011	263	-	-	-	389	-	-	15,663
Accretion of liability for losses from phase-out period of discontinued operations	135	-	-	-	135	-	135	-	-	-	-	-	-	-	135
Realized and unrealized gains (losses) on investments, net	-	(3,875)	(3,494)	(4,738)	(12,107)	-	(12,107)	(1,728)	-	-	(2,284)	-	-	-	(16,119)
Loss on disposal of property and equipment, net	-	62	155	12	229	6	235	35	-	-	-	12	-	-	282
Interest in related parties' net assets	(90)	5,195	1,682	(6,685)	102	107	209	849	-	(80)	3,316	(3,326)	(860)	(108)	-
(Increase) decrease in					-										
Accounts receivable	2	47	76	(5)	120	-	120	-	-	-	-	-	-	-	120
Other receivables	-	5	-	1,079	1,084	-	1,084	-	-	351	-	-	-	-	1,435
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	7	(2)	23	28	-	28	-	-	-	-	-	-	-	28
Prepaid expenses and other current assets	6	(87)	(262)	(309)	(652)	(1)	(653)	(22)	-	(4)	-	(14)	-	-	(693)
Other assets	-	-	-	-	-	-	-	8	-	-	-	-	-	-	8
Operating lease right-of-use assets	-	-	-	-	-	-	-	251	-	-	-	-	-	-	251
Increase (decrease) in														-	
Accounts payable and accrued expenses	(16)	339	(748)	(1,528)	(1,953)	(187)	(2,140)	9	-	-	-	(13)	-	-	(2,144)
Accrued compensation, payroll taxes, and benefits	(10)	77	166	90	323	1	324	209	-	2	-	(67)	-	-	468
Interest payable	-	(73)	(87)	(280)	(440)	-	(440)	-	-	-	-	-	-	-	(440)
Due to/from related parties	3	(6)	(68)	(21)	(92)	112	20	(7)	-	(6)	(7)	-	-	-	-
Other current liabilities	-	162	470	(3)	629	-	629	(63)	-	-	-	-	-	-	566
Deferred revenue	-	-	-	(16)	(16)	-	(16)	(5)	-	-	-	-	-	-	(21)
Operating lease liabilities	-	-	-	-	-	-	-	(305)	-	-	-	-	-	-	(305)
Deposits from residents	-	8	55	945	1,008	-	1,008	-	-	-	-	-	-	-	1,008
Arbitrage rebate liability	-	14	12	60	86	-	86	-	-	-	-	-	-	-	86
Deferred revenue from entrance fees and liability for refundable and repayable entrance fees	-	5,181	15,640	21,000	41,821	-	41,821	-	-	-	-	-	-	-	41,821
Liability for losses during phase-out period	(186)	-	-	-	(186)	-	(186)	-	-	-	-	-	-	-	(186)
Net cash provided by (used in) operating activities	$ (201)	$ 7,063	$ 15,497	$ 23,309	$ 45,668	$ 508	$ 46,176	$ 289	$ -	$ 242	$ 530	$ (1,321)	$ -	$ -	$ 45,916

See report of independent auditors.

Supplementary Information – 2025

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2025

ASSETS

	Episcopal Communities & Services for Seniors (ECS)															
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT ASSETS															
Cash and cash equivalents	$ 20	$ 1,589	$ 1,900	$ 6,434	$ 9,943	$3,853	$ 13,796	$ 858	$ 3	$ 29	$ 1,354	$ 107	$ -	$ -	$ 16,147
Investments, short-term	-	13,001	18,070	8,394	39,465	-	39,465	-	-	-	7,378	-	-	-	46,843
Accounts receivable, net	4	769	278	419	1,470	-	1,470	-	-	-	-	-	-	-	1,470
Other receivables	-	9	46	1,122	1,177	-	1,177	-	-	481	-	-	-	-	1,658
Inventories	-	48	37	114	199	-	199	-	-	-	-	-	-	-	199
Prepaid expenses and other current assets	11	264	330	267	872	10	882	131	-	9	-	24	-	-	1,046
Current portion of notes receivable	-	1,305	249	-	1,554	-	1,554	-	-	214	-	-	-	-	1,768
Assets limited as to use, required for current liabilities	-	8,234	9,710	23,581	41,525	-	41,525	-	-	-	-	-	-	-	41,525
Due from related parties	-	-	-	-	-	611	611	-	-	-	-	-	-	(611)	-
Total current assets	35	25,219	30,620	40,331	96,205	4,474	100,679	989	3	733	8,732	131	-	(611)	110,656
PROPERTY AND EQUIPMENT, net	-	25,814	60,413	167,692	253,919	32	253,951	2,786	-	487	-	7,268	-	-	264,492
OTHER ASSETS															
Investments, long-term	22	27,866	30,707	43,844	102,439	-	102,439	16,871	-	-	13,640	74	-	-	133,024
Notes receivable, net of current portion	-	232	355	-	587	686	1,273	4,798	-	4,266	-	-	-	(6,071)	4,266
Assets limited as to use, net of current portion	166	1,411	2,249	6,882	10,708	-	10,708	-	-	-	-	-	-	-	10,708
Operating lease right-of-use assets	-	-	-	-	-	-	-	579	-	-	-	-	-	-	579
Other assets	35	-	-	902	937	4	941	30	-	-	5	-	-	-	976
Interest in related parties' net assets	414	1,954	808	359	3,535	22,162	25,697	(329)	(120)	210	-	4	-	(25,462)	-
Total other assets	637	31,463	34,119	51,987	118,206	22,852	141,058	21,949	(120)	4,476	13,645	78	-	(31,533)	149,553
Total assets	$ 672	$ 82,496	$ 125,152	$ 260,010	$ 468,330	$ 27,358	$ 495,688	$ 25,724	$ (117)	$ 5,696	$ 22,377	$ 7,477	$ -	$ (32,144)	$ 524,701

See report of independent auditors

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2025

LIABILITIES AND NET ASSETS (DEFICIT)

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT LIABILITIES															
Accounts payable and accrued expenses	$ 16	$ 349	$ 1,444	$ 7,307	$ 9,116	$ 647	$ 9,763	$ 62	$ -	$ -	$ -	$ 85	$ -	$ -	$ 9,910
Accrued compensation, payroll taxes, and benefits	15	1,169	1,305	1,357	3,846	643	4,489	792	-	8	-	67	-	-	5,356
Interest payable	-	125	272	554	951	-	951	-	-	-	-	-	-	-	951
Entrance fee refunds upon re-occupancy payable	-	2,061	1,491	3,373	6,925	-	6,925	-	-	-	-	-	-	-	6,925
Other current liabilities	-	1	4	5	10	-	10	63	-	-	-	-	-	-	73
Due to related parties	-	149	175	174	498	-	498	21	-	26	28	38	-	(611)	-
Deferred revenue	-	-	-	137	137	-	137	5	-	-	-	-	-	-	142
Current portion of liability for losses during phase-out period of discontinued operations	51	-	-	-	51	-	51	-	-	-	-	-	-	-	51
Operating lease liability, current portion	-	-	-	-	-	-	-	306	-	-	-	-	-	-	306
Current portion of long-term debt	-	156	1,473	1,423	3,052	-	3,052	-	-	-	-	-	-	-	3,052
Total current liabilities	82	4,010	6,164	14,330	24,586	1,290	25,876	1,249	-	34	28	190	-	(611)	26,766
OTHER LIABILITIES															
Note payable to related parties	-	-	-	-	-	-	-	-	-	686	-	4,525	860	(6,071)	-
Deposits from residents	2	123	112	5,609	5,846	-	5,846	-	-	-	-	-	-	-	5,846
Liability for refundable and repayable entrance fees	-	24,472	78,798	124,147	227,417	-	227,417	-	-	-	-	-	-	-	227,417
Deferred revenue from entrance fees	-	4,472	18,967	14,151	37,590	-	37,590	-	-	-	-	-	-	-	37,590
Liability for losses during phase-out period of discontinued operations, net of current portion	112	-	-	-	112	-	112	-	-	-	-	-	-	-	112
Operating lease liability	-	-	-	-	-	-	-	408	-	-	-	-	-	-	408
Arbitrage rebate liability	-	61	53	267	381		381								381
Long-term debt, net of current maturities	-	21,236	57,536	109,011	187,783	-	187,783	-	-	-	-	-	-	-	187,783
Total other liabilities	114	50,364	155,466	253,185	459,129	-	459,129	408	-	686	-	4,525	860	(6,071)	459,537
Total liabilities	196	54,374	161,630	267,515	483,715	1,290	485,005	1,657	-	720	28	4,715	860	(6,682)	486,303
NET ASSETS (DEFICIT)															
Without donor restriction	379	28,126	(37,689)	(7,818)	(17,002)	25,347	8,345	24,068	(104)	4,820	20,378	2,758	(860)	(23,320)	36,085
With donor restriction	97	(4)	1,211	313	1,617	721	2,338	(1)	(13)	156	1,971	4	-	(2,142)	2,313
Total net assets (deficit)	476	28,122	(36,478)	(7,505)	(15,385)	26,068	10,683	24,067	(117)	4,976	22,349	2,762	(860)	(25,462)	38,398
Total liabilities and net assets (deficit)	$ 672	$ 82,496	$ 125,152	$ 260,010	$ 468,330	$ 27,358	$ 495,688	$ 25,724	$ (117)	$ 5,696	$ 22,377	$ 7,477	$ -	$ (32,144)	$ 524,701

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Operations (Dollars in Thousands)
Year Ended June 30, 2025

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Operating revenue and other support															
Resident care fees, net	$ -	$ 14,630	$ 16,953	$ 17,917	$ 49,500	$ -	$ 49,500	$ -	$ -	$ -	$ -	$ 442	$ -	$ -	$ 49,942
Ancillary services	-	1,343	1,305	1,037	3,685	-	3,685	-	-	-	-	166	-	-	3,851
Amortization of entrance fees	-	992	3,530	2,521	7,043	-	7,043	-	-	-	-	-	-	-	7,043
Service revenue	-	3,246	2,010	2,004	7,260	-	7,260	-	-	-	-	-	-	-	7,260
Management fee revenue	-	-	-	-	-	-	-	5,077	-	-	-	-	-	(5,077)	-
Contributions	-	77	171	-	248	-	248	-	-	-	-	-	-	-	248
Miscellaneous income	-	56	73	233	362	15	377	237	-	-	-	-	-	(237)	377
Total operating revenue and other support	-	20,344	24,042	23,712	68,098	15	68,113	5,314	-	-	-	608	-	(5,314)	68,721
Investment returns available for current operations															
Dividends and interest	-	1,281	1,794	1,774	4,849	-	4,849	513	-	229	632	3	-	-	6,226
Net realized gains	-	364	357	433	1,154	-	1,154	137	-	-	184	-	-	-	1,475
Unrealized losses	-	1,968	1,832	2,404	6,204	-	6,204	901	-	-	1,208	-	-	-	8,313
Investment expenses	-	(53)	(60)	(76)	(189)	-	(189)	(22)	-	-	(27)	-	-	-	(238)
Total investment returns available for current operations	-	3,560	3,923	4,535	12,018	-	12,018	1,529	-	229	1,997	3	-	-	15,776
Total operating revenue, other support and investment returns	-	23,904	27,965	28,247	80,116	15	80,131	6,843	-	229	1,997	611	-	(5,314)	84,497
OPERATING EXPENSES															
Departmental expenses															
General and administrative	-	4,837	5,058	5,152	15,047	5	15,052	5,443	-	293	2	579	-	(5,314)	16,055
Dining service	-	3,310	4,608	3,499	11,417	-	11,417	-	-	-	-	342	-	-	11,759
Nursing service, routine	-	6,879	5,025	5,203	17,107	-	17,107	-	-	-	-	517	-	-	17,624
Residential services	-	907	1,405	1,283	3,595	-	3,595	-	-	-	-	935	-	-	4,530
Environmental services	-	2,599	4,066	3,345	10,010	-	10,010	-	-	-	-	192	-	-	10,202
Other expenses	-	334	652	4,473	5,459	-	5,459	-	-	2	-	35	-	-	5,496
Total departmental expenses	-	18,866	20,814	22,955	62,635	5	62,640	5,443	-	295	2	2,600	-	(5,314)	65,666
DEPRECIATION	-	2,985	5,713	5,711	14,409	-	14,409	216	-	-	-	390	-	-	15,015
OTHER EXPENSES															
Interest expense	-	113	1,410	1,055	2,578	-	2,578	-	-	-	-	-	-	-	2,578
Amortization expense	-	41	66	103	210	-	210	-	-	-	-	-	-	-	210
Income tax expense	-	-	-	-	-	-	-	12	-	-	-	-	-	-	12
Loss on disposal of property and equipment	-	77	156	17	250	-	250	-	-	-	-	-	-	-	250
Total other expenses (income), net	-	231	1,632	1,175	3,038	-	3,038	12	-	-	-	-	-	-	3,050
Total operating expenses	-	22,082	28,159	29,841	80,082	5	80,087	5,671	-	295	2	2,990	-	(5,314)	83,731
Excess (deficiency) of revenue over expenses	$ -	$ 1,822	$ (194)	$ (1,594)	$ 34	$ 10	$ 44	$ 1,172	$ -	$ (66)	$ 1,995	$ (2,379)	$ -	$ -	$ 766

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Changes in Net Assets (Dollars in Thousands)
Year Ended June 30, 2025

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Excess (deficiency) of revenue over expenses	$ -	$ 1,822	$ (194)	$ (1,594)	$ 34	$ 10	$ 44	$ 1,172	$ -	$ (66)	$ 1,995	$ (2,379)	$ -	$ -	$ 766
Accretion of losses during phase-out period of discontinued operations	(208)	-	-	-	(208)	-	(208)	-	-	-	-	-	-	-	(208)
Net assets released from restrictions, used for capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	124	124
Change in interest in related parties' net assets	-	207	-	-	207	288	495	225	-	-	-	-	-	(720)	-
Total change in net assets without donor restriction	(208)	2,029	(194)	(1,594)	33	298	331	1,397	-	(66)	1,995	(2,379)	-	(596)	682
CHANGE IN NET ASSETS WITH DONOR RESTRICTION															
Contributions	1	1	8	404	414	166	580	-	-	-	-	-	-	-	580
Dividends and interest	-	-	-	-	-	-	-	-	-	-	41	-	-	-	41
Investment loss, net	-	-	-	-	-	-	-	-	-	-	62	-	-	-	62
Write-off of uncollectible pledge receivable	-	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)
Net assets released from restrictions used for capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	(124)	(124)
Change in interest in related parties' net assets	1	14	80	9	104	-	104	-	-	(2)	-	-	-	(102)	-
Total change in net assets with donor restriction	2	15	88	413	518	166	684	-	-	(2)	100	-	-	(226)	556
CHANGE IN NET ASSETS	(206)	2,044	(106)	(1,181)	551	464	1,015	1,397	-	(68)	2,095	(2,379)	-	(822)	1,238
TRANSFER OF NET ASSETS, net															
Without donor restriction	104	1,872	13,045	(14,687)	334	(1,809)	(1,475)	(785)	-	250	(2,689)	2,375	-	2,324	-
With donor restriction	(14)	(1)	(2)	(195)	(212)	(155)	(367)	-	-	-	216	-	-	151	-
Total transfers of net assets, net	90	1,871	13,043	(14,882)	122	(1,964)	(1,842)	(785)	-	250	(2,473)	2,375	-	2,475	-
Total change in net assets	(116)	3,915	12,937	(16,063)	673	(1,500)	(827)	612	-	182	(378)	(4)	-	1,653	1,238
Net assets, beginning of year	592	24,207	(49,415)	8,558	(16,058)	27,568	11,510	23,455	(117)	4,794	22,727	2,766	(860)	(27,115)	37,160
Net assets, end of year	$ 476	$ 28,122	$ (36,478)	$ (7,505)	$ (15,385)	$ 26,068	$ 10,683	$ 24,067	$ (117)	$ 4,976	$ 22,349	$ 2,762	$ (860)	$ (25,462)	$ 38,398

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2025

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	CHS LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
OPERATING ACTIVITIES															
Cash received															
Resident care fees	$ 52	$ 15,637	$ 18,287	$ 22,390	$ 56,366	$ -	$ 56,366	$ -	$ -	$ -	$ -	$ 607	$ -	$ -	$ 56,973
Entrance fees	-	3,793	9,582	21,078	34,453	-	34,453	-	-	-	-	-	-	-	34,453
Contributions	1	78	180	404	663	167	830	-	-	-	-	-	-	-	830
Investment income	-	1,281	1,794	1,774	4,849	-	4,849	513	-	712	672	3	-	-	6,749
Transfers (to) from related parties	-	19	25	38	82	(76)	6	(10)	-	(16)	22	(2)	-	-	-
Management fee revenue	-	-	-	-	-	-	-	5,077	-	-	-	-	-	(5,077)	-
Service revenue	-	3,246	2,010	2,004	7,260	-	7,260	-	-	-	-	-	-	-	7,260
Other	-	56	73	233	362	725	1,087	237	-	9	-	-	-	(237)	1,096
Cash disbursed					-										
Cash paid to employees and suppliers	(328)	(18,947)	(20,212)	(29,737)	(69,224)	435	(68,789)	(5,399)	-	(1,005)	(28)	(2,717)	-	5,314	(72,624)
Interest	-	(105)	(1,403)	(1,038)	(2,546)	-	(2,546)	-	-	-	-	-	-	-	(2,546)
Net cash provided by (used in) operating activities	(275)	5,058	10,336	17,146	32,265	1,251	33,516	418	-	(300)	666	(2,109)	-	-	32,191
INVESTING ACTIVITIES															
Investment income reinvested	-	(1,218)	(1,729)	(1,928)	(4,875)	-	(4,875)	(484)	-	-	(667)	(3)	-	-	(6,029)
Purchase of investments	-	(3,527)	(7,362)	(28,900)	(39,789)	-	(39,789)	-	-	-	-	-	-	-	(39,789)
Proceeds from sale of investments	-	4,000	8,901	30,116	43,017	-	43,017	-	-	-	2,736	-	-	-	45,753
Purchase of property and equipment	-	(3,728)	(7,513)	(26,856)	(38,097)	-	(38,097)	(171)	-	(413)	-	(204)	-	-	(38,885)
Issuance of notes receivable	-	(327)	(268)	(174)	(769)	-	(769)	-	-	-	-	-	-	-	(769)
Collection of notes receivable	-	-	1,385	-	1,385	-	1,385	-	-	-	-	-	-	-	1,385
Net cash provided by (used in) investing activities	-	(4,800)	(6,586)	(27,742)	(39,128)	-	(39,128)	(655)	-	(413)	2,069	(207)	-	-	(38,334)
FINANCING ACTIVITIES															
Payment of long-term debt	-	(109)	(1,391)	(1,280)	(2,780)	-	(2,780)	-	-	-	-	-	-	-	(2,780)
Refund of entrance fees	-	(3,682)	(8,612)	(12,965)	(25,259)	-	(25,259)	-	-	-	-	-	-	-	(25,259)
Transfer of net assets	102	1,871	13,037	(15,090)	(80)	(167)	(247)	95	-	250	(2,473)	2,375	-	-	-
Net cash provided by (used in) financing activities	102	(1,920)	3,034	(29,335)	(28,119)	(167)	(28,286)	95	-	250	(2,473)	2,375	-	-	(28,039)
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	(173)	(1,662)	6,784	(39,931)	(34,982)	1,084	(33,898)	(142)	-	(463)	262	59	-	-	(34,182)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	359	12,896	7,075	71,526	91,856	2,769	94,625	1,000	3	492	1,092	48	-	-	97,260
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 186	$ 11,234	$ 13,859	$ 31,595	$ 56,874	$ 3,853	$ 60,727	$ 858	$ 3	$ 29	$ 1,354	$ 107	$ -	$ -	$ 63,078

See report of independent auditors

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2025

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES															
Change in net assets	$ (116)	$ 3,915	$ 12,937	$ (16,063)	$ 673	$ (1,500)	$ (827)	$ 612	$ -	$ 182	$ (378)	$ (4)	$ -	$ 1,653	$ 1,238
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities															
Amortization of entrance fees	-	(992)	(3,530)	(2,521)	(7,043)	-	(7,043)	-	-	-	-	-	-	-	(7,043)
Amortization of premium	-	-	-	(187)	(187)	-	(187)	-	-	-	-	-	-	-	(187)
Amortization of financing costs	-	41	66	103	210	-	210	-	-	-	-	-	-	-	210
Depreciation	-	2,985	5,713	5,711	14,409	-	14,409	216	-	-	-	390	-	-	15,015
Accretion of liability for losses from phase-out period of discontinued operations	208	-	-	-	208	-	208	-	-	-	-	-	-	-	208
Realized and unrealized gains (losses) on investments, net	-	(2,332)	(2,189)	(2,837)	(7,358)	-	(7,358)	(1,038)	-	-	(1,454)	-	-	-	(9,850)
Loss on disposal of property and equipment, net	-	77	156	17	250	-	250	-	-	-	-	-	-	-	250
Interest in related parties' net assets	(91)	(2,092)	(13,123)	14,873	(433)	1,676	1,243	560	-	(248)	2,473	(2,375)	-	(1,653)	-
(Increase) decrease in															
Accounts receivable	(1)	(314)	(36)	(102)	(453)	-	(453)	-	-	37	-	-	-	-	(416)
Other receivables	-	(2)	-	(1,122)	(1,124)	712	(412)	-	-	(257)	-	-	-	-	(669)
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3
Inventories	-	16	7	(5)	18	-	18	-	-	-	-	8	-	-	26
Prepaid expenses and other current assets	28	(64)	(47)	(31)	(114)	-	(114)	31	-	(1)	-	(1)	-	-	(85)
Other assets	(1)	36	41	33	109	-	109	(6)	-	-	(1)	-	-	-	102
Operating lease right-of-use assets	-	-	-	-	-	-	-	243	-	-	-	-	-	-	243
Increase (decrease) in															
Accounts payable and accrued expenses	8	(99)	9	(3,445)	(3,527)	122	(3,405)	(72)	-	(5)	-	67	-	-	(3,415)
Accrued compensation, payroll taxes, and benefits	12	(21)	519	(839)	(329)	317	(12)	192	-	8	-	(188)	-	-	-
Interest payable	-	-	3	(25)	(22)	-	(22)	-	-	-	-	-	-	-	(22)
Due to/from related parties	-	19	25	38	82	(76)	6	(10)	-	(16)	23	(3)	-	-	-
Other current liabilities	(47)	(13)	(548)	(544)	(1,152)	-	(1,152)	57	-	-	-	-	-	-	(1,095)
Deferred revenue	-	-	-	(27)	(27)	-	(27)	(80)	-	-	-	(3)	-	-	(110)
Operating lease liabilities	-	-	-	-	-	-	-	(287)	-	-	-	-	-	-	(287)
Deposits from residents	(2)	(23)	3	3,536	3,514	-	3,514	-	-	-	-	-	-	-	3,514
Arbitrage rebate liability	-	61	53	267	381	-	381	-	-	-	-	-	-	-	381
Deferred revenue from entrance fees and liability for refundable and repayable entrance fees	-	3,860	10,277	20,316	34,453	-	34,453	-	-	-	-	-	-	-	34,453
Liability for losses during phase-out period	(273)	-	-	-	(273)	-	(273)	-	-	-	-	-	-	-	(273)
Net cash provided by (used in) operating activities	$ (275)	$ 5,058	$ 10,336	$ 17,146	$ 32,265	$ 1,251	$ 33,516	$ 418	$ -	$ (300)	$ 666	$ (2,109)	$ -	$ -	$ 32,191

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