

Saint John's Communities, Inc. and Subsidiary

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2025 and 2024



Independent Auditor's Report

Board of Directors
Saint John's Communities, Inc. and Subsidiary
Milwaukee, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Saint John's Communities, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint John's Communities, Inc. and Subsidiary as of December 31, 2025 and 2024, 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 ("GAAP").

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

April 20, 2026

Saint John's Communities, Inc. and Subsidiary

Consolidated Balance Sheets

December 31, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash	\$ 1,441,171	\$ 636,404
Receivables:		
Residents - Net	447,522	690,985
Other	10,140	20,807
Prepaid expenses and other	1,195,070	1,257,288
Total current assets	3,093,903	2,605,484
Property and equipment - Net	156,661,769	163,427,661
Assets limited as to use	111,464,654	95,855,663
Development costs - Net	350,026	420,031
Investment in unconsolidated affiliate	172,898	74,998
TOTAL ASSETS	\$ 271,743,250	\$ 262,383,837

Saint John's Communities, Inc. and Subsidiary

Consolidated Balance Sheets (Continued)

December 31, 2025 and 2024

Liabilities and Net Assets (Deficit)	2025	2024
Current liabilities:		
Current maturities of long-term debt	\$ 3,560,000	\$ 3,455,001
Accounts payable:		
Trade	633,921	567,824
Accrued expenses	1,890,700	2,479,262
Advance deposits and prepayments	5,854,697	4,327,845
Total current liabilities	11,939,318	10,829,932
Long-term liabilities:		
Long-term debt, less current maturities	114,289,856	118,021,660
Refundable entrance fees	81,593,389	80,809,570
Contract liability - deferred revenue	47,542,274	47,338,418
Total long-term liabilities	243,425,519	246,169,648
Total liabilities	255,364,837	256,999,580
Net assets (deficit):		
Without donor restrictions	8,024,827	(799,158)
With donor restrictions	8,353,586	6,183,415
Total net assets	16,378,413	5,384,257
TOTAL LIABILITIES AND NET ASSETS	\$ 271,743,250	\$ 262,383,837

See accompanying notes to consolidated financial statements.

Saint John's Communities, Inc. and Subsidiary

Consolidated Statements of Operations

Years Ended December 31, 2025 and 2024

	2025	2024
Revenue:		
Net resident service revenue	\$ 31,722,331	\$ 30,655,633
Investment income	7,021,153	5,165,635
Contributions	46,923	120,363
Net assets released from restrictions for operations	815,811	733,998
Other operating income	3,677,561	3,208,672
Total revenue	43,283,779	39,884,301
Expenses:		
Direct care	8,403,711	8,087,338
Dietary	4,227,987	3,961,834
Maintenance	3,704,976	3,502,836
Housekeeping	1,056,189	1,026,067
Administration	8,557,529	8,098,613
Grants	27,900	12,500
Depreciation and amortization	9,213,772	9,031,577
Interest	3,696,378	3,790,333
Total expenses	38,888,442	37,511,098
Income from operations	4,395,337	2,373,203
Other income (loss):		
Change in net unrealized gains and losses on investments	4,415,009	1,152,675
Loss on sale of fixed assets	-	(91,745)
Total other income	4,415,009	1,060,930
Excess of revenue over expenses	8,810,346	3,434,133
Other changes in net assets without donor restrictions -		
Net assets released from restrictions for purchase of property and equipment	13,639	12,457
Increase in net assets without donor restrictions	\$ 8,823,985	\$ 3,446,590

See accompanying notes to consolidated financial statements.

Saint John's Communities, Inc. and Subsidiary

Consolidated Statements of Changes in Net Assets (Deficit)

Years Ended December 31, 2025 and 2024

	2025	2024
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 8,810,346	\$ 3,434,133
Net assets released from restrictions for purchase of property and equipment	13,639	12,457
Increase in net assets without donor restrictions	8,823,985	3,446,590
Net assets with donor restrictions:		
Contributions	2,055,314	1,055,214
Investment income	370,215	1,422,652
Change in net unrealized gains and losses on investments	574,142	(950,891)
Net assets released from restrictions	(829,500)	(746,455)
Increase in net assets with donor restrictions	2,170,171	780,520
Change in net assets	10,994,156	4,227,110
Net assets at beginning	5,384,257	1,157,147
Net assets at end	\$ 16,378,413	\$ 5,384,257

See accompanying notes to consolidated financial statements.

Saint John's Communities, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 10,994,156	\$ 4,227,110
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	9,213,772	9,031,577
Amortization of original issue premiums and deferred financing costs	(171,805)	(194,670)
Loss on sale of property and equipment	-	91,745
Change in net unrealized gains and losses on investments	(4,989,151)	(201,784)
Net realized gains on sales of securities	(5,104,505)	(4,321,798)
Net proceeds from turnover of resident entrance fees	7,188,152	6,384,209
Provision for bad debt	44,657	41,246
Amortization of deferred revenue on resident entrance fees	(6,200,477)	(6,493,589)
Restricted contributions	(2,055,314)	(1,055,214)
Changes in operating assets and liabilities:		
Resident receivables	198,806	(341,091)
Other receivables	10,667	(20,807)
Prepaid expenses and other	62,218	(67,694)
Accounts payable	66,097	(202,313)
Accrued expenses	(588,562)	359,968
Advanced deposits and prepayments	1,526,852	579,780
Net cash from operating activities	10,195,563	7,816,675
Cash flows from investing activities:		
Sales of assets limited as to use	44,768,507	30,852,706
Purchases of assets limited as to use	(50,283,842)	(33,062,807)
Capital expenditures	(2,377,875)	(3,627,711)
Net cash from investing activities	(7,893,210)	(5,837,812)

Saint John's Communities, Inc. and Subsidiary

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2025 and 2024

	2025	2024
Increase (decrease) in cash: (continued)		
Cash flows from financing activities:		
Purchase of additional interest in unconsolidated affiliate	(97,900)	-
Restricted contributions	2,055,314	1,055,214
Payment of long-term debt	(3,455,000)	(3,350,000)
Net cash from financing activities	(1,497,586)	(2,294,786)
Net change in cash and cash equivalents	804,767	(315,923)
Cash and cash equivalents at beginning	636,404	952,327
Cash and cash equivalents at end	\$ 1,441,171	\$ 636,404
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 3,615,772	\$ 3,702,703

See accompanying notes to consolidated financial statements.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

The Entity

Saint John's Communities, Inc.'s (the "Corporation") operations include a 111-unit independent living facility ("Central Tower Apartments"), a 90-unit independent living facility ("South Tower Apartments"), a 79-unit independent living facility ("North Tower Apartments"), a 16-unit independent and assisted living facility ("York"), a 50-unit assisted living facility ("Stratford & Canterbury"), and a 25-bed skilled nursing facility ("Windsor"). Collectively, the Central Tower, South Tower, North Tower and York Apartments are referred to as "Lake Tower Apartments."

Saint John's Communities Foundation, Inc. (the "Foundation") is a nonstock, nonprofit corporation organized exclusively to benefit, support, promote, and assist the Corporation. The Board of Directors of the Corporation elect the directors of the Foundation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Corporation and the Foundation (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board Accounting Standards Codification ("ASC"). The ASC is the single source of authoritative accounting principles generally accepted in the United States of America ("GAAP") to be applied to nongovernmental entities.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding board designated amounts other than for expansion deposits.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Residents Receivable and Credit Policy

Residents receivable is reported at the amount that reflects the consideration to which the Organization expects to be entitled, in exchange for providing resident care services. Residents receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments and discounts and is recorded through a reduction of gross revenue and a credit to residents receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Management estimates probable uncollectible amounts for residents through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. The Organization does not have a policy to charge interest on past due accounts. Allowance for credit losses were \$35,000 as of December 31, 2025 and 2024. The resident receivable balance at December 31, 2023 was \$391,140.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under terms of a bond trust indenture agreement, designated assets set aside by the Board of Directors for capital improvements and other purposes, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets designated to fund net assets with donor restrictions.

Investments included in assets limited as to use are measured at fair value in the accompanying consolidated balance sheets.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in operating income and change in unrealized gains and losses on investments in other income (loss). Investment income that is restricted by donor or law is excluded from excess of revenue over expenses.

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 30 to 31 years for buildings, 15 years for building, building improvements, and land improvements, and from 3 to 10 years for vehicles, equipment, furniture, and fixtures.

The Organization capitalizes interest during the construction period for major capital additions. Capitalized costs include interest costs incurred on borrowed funds offset by interest earnings on certain trusteed funds.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the acquired long-lived assets are placed in service.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Financing Costs and Original Issue Premiums

Deferred financing costs and original issue premiums related to the issuance of long-term debt are included in long-term debt in the accompanying consolidated balance sheets and are amortized over the life of the related debt. Amortization of bond issuance costs and original issue premiums are included with interest expense in the accompanying consolidated statements of operations.

Development Costs

Development costs relate to amounts paid for development, sales, marketing, and other related costs incurred in connection with initially renting units under Standard and Life Care contracts (Note 8) for the independent living facilities. These costs are amortized using the straight-line method over 10 years, which is the estimated average life expectancy of the initial resident population. Amortization of approximately \$70,000 in 2025 and 2024 is included in depreciation and amortization in the accompanying consolidated statements of operations.

Impairment

The Organization reviews its property, equipment, and intangible assets periodically to determine potential impairment by comparing the carrying value of the property, equipment, and identified intangible assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time. No impairment loss was recognized in 2025 or 2024.

Entrance Fees

Fees paid by residents upon entering Lake Tower Apartments, net of the portion thereof that is refundable to the residents, are recorded as contract liability - deferred revenue and amortized to income using the straight-line method over future periods based on the estimated life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit. The refundable portion of entrance fees is recorded as a liability.

Net Assets

Net assets without donor restrictions are those not subject to donor-imposed stipulations and includes those expendable resources which have been designated for special use by the Board of Directors. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Resident Service Revenue

The Organization operates a continuing care program for its residents. The Organization accounts for revenue generated from residents with standard contracts in its independent living facilities as predominately rental income under lease accounting standards. All other revenue is recorded under ASC 606, as the predominate component relates to healthcare and other resident services. Residents may enter into a Life Care agreement under which the Organization is obligated to provide future nursing, assisted living, or memory support services to residents under the agreement at a discount, as defined in the agreement, from established charges should residents need such services. Standard agreements provide a limited amount of healthcare benefits. The terms of the agreement between the Organization and the residents contain two forms of payment – an entrance fee and monthly fees. The entrance fee, which may vary in amount depending upon the accommodations selected in the agreement, is paid on the date of contractual occupancy. Based on the agreement, the entrance fee or a portion of the entrance fee may be nonrefundable. The refundable portion of the resident agreements is not part of the transaction price and is recorded as a refundable entrance fee liability in the accompanying consolidated balance sheets. The monthly fees are specified in the resident's agreement and are generally fixed with periodic changes based on increases in inflation or in operating costs, or other factors as defined in the resident agreement. The monthly fees are billed at the beginning of the month and entitles the residents to the use of the independent, nursing, and assisted living facilities.

Under the resident agreement, the Organization's performance obligation is to stand ready each month to provide a service such that the resident can continue to live at the facility and access the appropriate level of care based on the resident's needs. The services a resident will receive under that resident agreement are dependent on the resident's health and life span along with their decision to continue to reside at the facility.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Resident Service Revenue (Continued)

The Organization recognizes the monthly fee over the month the services are provided as the resident simultaneously receives and consumes the benefits of occupying the unit. In this case, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation. Each month the resident occupies the unit is a separate contract and performance obligation based on the fact the resident has a unilateral right to terminate the contract after each month. Since the contract can be terminated by either party at any time without compensating the other party for the termination (that is, other than paying amounts due as a result of services transferred up to the termination date), the duration of the contract does not extend beyond the services already transferred.

The nonrefundable entrance fee included in the resident agreement provides a material right performance obligation for the resident to receive additional health services at any time based on the resident's needs. The Organization recognizes the nonrefundable entrance fee for the material right associated with access to future services using a time-based measurement (i.e., resident's life-expectancy). This results in equal amounts allocated to each month because the nature of the Organization's performance is to have various residential, social, or healthcare services available to the resident on a when-and-if needed basis each month for as long as the resident remains in the facility. Recognizing the material right performance obligation over the resident's life expectancy, using the most currently available life tables, provides a faithful depiction of the transfer of services over the term of the performance obligation. There are certain provisions and circumstances, usually at the beginning of the contract, whereby the nonrefundable entrance fee could be refunded or partially refunded. See Note 8 for further details on these terms. At the end of the reporting periods, management's estimate of the unsatisfied performance obligation of the nonrefundable entrance fee is reported as a contract liability - deferred revenue in the accompanying consolidated balance sheets. Subsequent changes to management's estimate of the transaction price, including changes in the resident's life-expectancy, are recognized as adjustment to net resident revenue and were not significant in 2025 or 2024.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Resident Service Revenue (Continued)

Resident service revenue also includes nursing services provided in the skilled nursing facility, assisted living, and independent living facility. These amounts are due from residents and third-party payors (including health insurers and government programs). For residents with third-party insurance, the Organization bills the third-party payors after the end of a month when the services were performed, or when the resident is discharged from the facility.

Performance obligations are determined based on the nature of the resident services provided. Revenue from performance obligations satisfied over time is recognized based on a predetermined rate formula under a contractual arrangement with the third-party payor or the uninsured resident. Generally, performance obligations satisfied over time relate to residents receiving post-acute care services as the residents simultaneously receive and consume the benefits of the services provided. In this case, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Each day a resident receives services is a separate contract and performance obligation based on the fact the resident has a unilateral right to terminate the contract after each day with no penalty or compensation due. Since the contract can be terminated by either party at any time without compensating the other party for the termination (that is, other than paying amounts due as a result of services transferred up to the termination date), the duration of the contract does not extend beyond the services already transferred. The Organization determined there is not a material right performance obligation for the daily option to renew the contract as the price of the renewal is a price consistent with the rate charged to other residents. Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Resident Service Revenue (Continued)

The Organization determines the transaction price for nursing services, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors based on contractual agreements. The Organization has agreements with third-party payors that typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare: Reimbursement for Part A is based on a predetermined rate per resident day that varies depending on the resident's level of care and the types of services provided. Reimbursement for Part B is based on predetermined fee schedule amounts.

Medicaid: Reimbursement is based on a predetermined rate formula under a contractual arrangement with the Medicaid program. Rate adjustments under this program are reflected in income when determinable.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. Because of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Organization. The Centers for Medicare and Medicaid Services ("CMS") uses recovery audit contractors ("RACs") to search for potentially inaccurate Medicare payments that may have been made to healthcare providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Organization has not been notified by the RAC of any potential significant reimbursement adjustments. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization assesses a resident's ability to pay for the services prior to admission. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as provision for bad debts.

The Organization has elected the practical expedient in which all incremental customer contract acquisition costs for turnover units are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Charity Care

The Organization provides care to residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not included in net resident service revenue in the accompanying consolidated statements of operations.

Excess of Revenue Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenue over expenses, which is considered the operating indicator. Changes in net assets without donor restrictions which are excluded from the operating indicator include net assets released from restrictions used for purchases of property and equipment.

Donor-Restricted Gifts

Contributions, including promises to give, are considered conditional or unconditional. Conditional contributions occur when both of the following are present:

- An explicit barrier, that's more than trivial, must be overcome before the contribution can be earned or recognized.
- A right of return of assets transferred or a right of release of a donor's obligation to transfer assets.

Conditional contributions are recognized when the barriers to entitlement are overcome and are reported at fair value at that time. Unconditional promises to give cash and other assets to the Organization are recorded when received and reported at fair value at the date the promise is received.

Donor gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Advertising Costs

Advertising costs are expensed as incurred.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Obligation to Provide Future Services and Use of Facilities

The Organization calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded with a corresponding charge to income. An interest rate of 5% in 2025 and 2024 was used to discount the liability to provide future services. At December 31, 2025 and 2024, the present value of the net cost of future services did not exceed the unamortized deferred revenue from entrance fees; accordingly, no liability was recorded.

Contract Balances

At December 31, 2025, 2024 and 2023, the Organization recognized \$47,542,274, \$47,338,418, and \$47,828,039, respectively, of nonrefundable entrance fees which were reported as a contract liability. These amounts were recognized in accordance with management's resident service revenue policy. The process for estimating the remaining unsatisfied performance obligations of the nonrefundable entrance fee has not changed from the prior year.

Income Taxes

The Corporation and Foundation are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Corporation and Foundation are also exempt from state income taxes on related income.

Federal and state income taxes are paid on unrelated business income in accordance with the Code.

Subsequent Events

Subsequent events have been evaluated through April 20, 2026, which is the date the consolidated financial statements were issued.

Note 2: Assets Limited as to Use

Assets limited as to use consisted of the following at December 31:

	2025	2024
Cash equivalents	\$ 3,849,898	\$ 1,596,580
Fixed income mutual funds	28,455,352	27,036,449
Equity mutual funds	56,022,780	47,872,771
Alternative investments	23,136,624	19,349,863
Totals	\$ 111,464,654	\$ 95,855,663

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2: Assets Limited as to Use (Continued)

Assets limited as to use were classified as follows at December 31:

	2025	2024
Board designated:		
Capital improvements, other	\$ 95,838,957	\$ 83,314,334
Support of Corporate activities	5,969,904	4,882,090
Held by trustee under bond indenture:		
Funded principal and interest	1,302,207	1,472,025
Restricted by donors	8,353,586	6,187,214
Totals	\$ 111,464,654	\$ 95,855,663

Investment Income

The total return on investments, including investment income consisting of interest from cash equivalents and interest, dividends, and gains and losses on assets limited as to use consisted of the following for the years ended December 31:

	2025	2024
Interest and dividends	\$ 2,207,618	\$ 2,207,125
Net realized gains on sales of securities	4,966,571	3,084,717
Less - investment expenses	(153,036)	(126,207)
Total investment income	7,021,153	5,165,635
Other income and changes in net assets:		
Change in net unrealized gains on investments	4,989,151	201,784
Interest and dividends	232,281	185,571
Net realized gain on sales of securities	137,934	1,237,081
Total other income and changes in net assets	5,359,366	1,624,436
Total return on investments	\$ 12,380,519	\$ 6,790,071

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value.

Cash equivalents consist of money market funds, which are valued using \$1 as the net asset value ("NAV"), and repurchase agreements, which are valued at historical cost, which approximates fair value. Mutual funds are valued at the daily closing price as reported by the fund. These funds are registered with the U.S. Securities and Exchange Commission and are required to publish their daily NAV and to transact at that price. These funds are deemed to be actively traded. Certain alternative investments are valued at the NAV of units of the fund. The NAV, as provided by the trustee, is used as a practical expedient in estimating fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Other alternative investments, comprised of a real estate fund, is valued based on the fair value of the underlying assets within the partnership as provided by the investment issuer. In substantiating the reasonableness of the pricing of alternative investments, management evaluates a variety of factors including recently executed transactions, economic conditions, industry and market developments, and overall credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at December 31, 2025 and 2024.

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31:

	2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ -	\$ 3,849,898	\$ -	\$ 3,849,898
Fixed income mutual funds	28,455,352	-	-	28,455,352
Equity mutual funds:				
Small cap	6,855,075	-	-	6,855,075
Mid cap	6,528,946	-	-	6,528,946
Index	24,494,224	-	-	24,494,224
International	16,262,516	-	-	16,262,516
Balanced	1,882,019	-	-	1,882,019
Alternative investments:				
Limited partnerships	-	-	18,682,979	18,682,979
Real estate fund using NAV as an expedient				4,453,645
Totals	\$ 84,478,132	\$ 3,849,898	\$ 18,682,979	\$ 111,464,654

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements (Continued)

	2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ -	\$ 1,596,580	\$ -	\$ 1,596,580
Fixed income mutual funds	27,036,449	-	-	27,036,449
Equity mutual funds:				
Small cap	9,654,607	-	-	9,654,607
Mid cap	5,001,557	-	-	5,001,557
Index	19,527,998	-	-	19,527,998
International	12,077,442	-	-	12,077,442
Balanced	1,611,167	-	-	1,611,167
Alternative investments:				
Limited partnerships	-	-	13,471,819	13,471,819
Real estate fund using NAV as an expedient				5,878,044
Totals	\$ 74,909,220	\$ 1,596,580	\$ 13,471,819	\$ 95,855,663

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	2025	2024
Balance at beginning	\$ 13,471,819	\$ 8,541,928
Purchases	11,631,465	4,215,953
Dividend and distributions	(7,194,733)	2,171
Management fees	(224,432)	(10,017)
Total net gains	998,860	721,784
Balance at end	\$ 18,682,979	\$ 13,471,819

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements (Continued)

The following tables set forth additional disclosures of the Organization's investments whose fair value is estimated at NAV or based on the proportional share of net assets of the investment as of December 31, 2025:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period	Lockup Period
Limited partnerships (b)	\$18,682,979	\$6,044,141	Ranges from quarterly to semiannually depending on the terms of the fund	Ranges from 45-60 days depending on the terms of the fund	None
Real estate fund using NAV as a practical expedient (a)	\$4,453,645	NONE	Limited	Not applicable	9 years

(a) This class seeks to provide predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate.

(b) This class seeks significant value appreciation of their portfolio companies through active management strategies or by investing in funds that invest in venture capital companies.

Note 4: Property and Equipment

Property and equipment consisted of the following at December 31:

	2025	2024
Land and land improvements	\$ 2,201,491	\$ 2,201,491
Buildings and building improvements	216,641,711	216,269,150
Equipment, furniture, and fixtures	15,605,405	14,047,288
Vehicles	228,484	216,677
Total property and equipment	234,677,091	232,734,606
Less - Accumulated depreciation	78,015,322	69,306,945
Total	\$ 156,661,769	\$ 163,427,661

Note 5: Line of Credit

The Organization has a \$3,000,000 line of credit. Borrowings on the line bear interest at 1.75% over the one-month Secured Overnight Financing Rate ("SOFR") Rate. There were no borrowings on the line of credit at December 31, 2025 or 2024.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 6: Long-Term Debt

Long-term debt consisted of the following December 31:

	2025	2024
Wisconsin Health and Educational Facilities Authority ("WHEFA") Taxable (Convertible to Tax-Exempt) Refunding Revenue Bonds, Series 2021A, dated October 20, 2021, bearing interest at 2.80% in 2025 and 2024, respectively; annual principal payments beginning September 2022, and final payment due September 2050; converted to tax-exempt in 2023	\$ 77,100,000	\$ 79,265,000
WHEFA Refunding Revenue Bonds, Series 2021B, dated October 20, 2021, bearing interest at rates between 3.00% and 4.00%; annual principal payments beginning September 2022, and final payment due September 2045	16,290,000	16,815,000
WHEFA Fixed Rate Revenue Bonds, Series 2022, dated September 15, 2022, bearing interest at a rate of 4.00%; annual principal payments beginning September 2023, with final payment due in September 2045.	23,735,000	24,500,000
Totals	117,125,000	120,580,000
Less:		
Current maturities of long-term debt	3,560,000	3,455,001
Premium on long-term debt	(2,018,883)	(2,288,700)
Deferred financing costs	1,294,027	1,392,039
Long-term debt	\$ 114,289,856	\$ 118,021,660

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 6: Long-Term Debt (Continued)

The bond indenture requires the establishment of certain funds to be held by the trustee that are unavailable for general corporate purposes. Required funds have been established and are included in assets limited as to use in the accompanying consolidated balance sheets.

The bonds are secured by a mortgage on the real property of the Organization and a security interest in all property and equipment thereon.

The bond indenture contains various covenants and restrictions on the Organization, including requirements that the Organization maintain minimum debt service coverage and liquidity ratios.

Scheduled principal payments on long-term debt at December 31, 2025, based on stated maturities, are summarized as follows:

2026	\$ 3,560,000
2027	3,680,000
2028	3,790,000
2029	3,910,000
2030	4,040,000
Thereafter	98,145,000
<hr/>	
Total	<u>\$ 117,125,000</u>

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 7: Net Resident Service Revenue

The composition of net resident service revenue, based upon the Organization's long-term care services and payor type consisted of the following for the years ended December 31:

	2025	2024
Resident service revenue by payor:		
Medicaid	\$ 252,220	\$ 209,130
Medicare	1,182,738	787,427
Private pay	30,287,373	29,659,076
Net resident service revenue	\$ 31,722,331	\$ 30,655,633

	2025	2024
Resident service revenue by services:		
Skilled nursing	\$ 5,109,642	\$ 4,763,365
Assisted living	6,333,163	5,486,036
Independent living	20,279,526	20,406,232
Net resident service revenue	\$ 31,722,331	\$ 30,655,633

Note 8: Deferred Revenue From Residential and Life Care Programs

Two residency contract options are available to Lake Tower Apartments' residents: Life Care and Standard. On occasion, the Corporation will issue a "split" contract which combines Life Care and Standard contract features to a couple when one of the individuals either is not qualified for Life Care or declines the Life Care offering. In those instances the characteristics of the Life Care and Standard contract described herein govern all benefits and terms as they relate to each member of the couple, respectively. Each resident, upon entering those facilities, pays an "entrance fee". During 2023, the Organization introduced a Fee For Service residency contract only available for York Apartments, which requires a non-refundable administrative fee, but no entrance fee, and it does not provide any healthcare benefits for Stratford & Canterbury, or Windsor. The entrance fee is a lump-sum amount, payable before occupancy. Under the Life Care agreement, the entrance fee is 30% refundable. Starting July 1, 2022, under the Standard agreement, the entrance fee is 80% refundable upon the shorter of reoccupancy of the unit by a new resident or one year from the date the unit is vacated. Prior to July 1, 2022, under the Standard agreement, the entrance fee was 90% refundable upon the shorter of reoccupancy of the unit by a new resident or one year from the date the unit is vacated. Prior to 2014, the Organization also had Life Care agreements that were nonrefundable or 90% refundable and offered Standard contracts that were 30% refundable. Some Lake Tower Apartments' residents still have these contracts. The entrance fee varies according to the size and location of the apartment and is subject to change. The entrance fee is increased when a second person occupies an apartment. At December 31, 2025, the refundable entrance fees ranged from \$24,150 to \$1,117,000.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 8: Deferred Revenue From Residential and Life Care Programs (Continued)

Under the Life Care agreement, the Organization agrees to provide care to residents, when medically indicated, in Stratford & Canterbury or Windsor at a rate equal to the resident's current monthly fee, plus costs incurred for meal services. This rate does not include the costs of drugs, special treatments, special therapies, or physician services. These costs are the obligation of the residents. In addition, residents are required to continue participation in the Medicare program. Under the Standard agreement, residents are entitled to a total of 30 days of healthcare benefits at Stratford & Canterbury or Windsor. Residents may only use 10 days of healthcare benefits during the first 365 days of the Standard agreement.

The Organization also has residents under other agreements that are no longer offered, including nonrefundable Life Care agreements.

Under the Life Care agreement's refund provisions, a portion of the entrance fee is required to be refunded to the resident or the resident's estate if occupancy is terminated under the following conditions:

- (a) If, within 30 days after occupancy of the unit, the resident dies or the agreement is terminated by the resident, the entrance fee is to be refunded in its entirety less the costs of refurbishing the unit and the unreimbursed costs of LifeCare and other services received by the resident.
- (b) If, after the first 30 days following the date the unit is occupied but within the first 90 days following the date the unit is occupied, the resident dies or either party terminates the Life Care agreement, the Organization will refund 90% of the entrance fee, less the reasonable cost of returning the unit to the same condition as it was upon initial occupancy, reasonable wear and tear excluded.
- (c) If the resident dies or terminates the Life Care agreement after 90 days following the date the unit is occupied, as defined, a refund of the entrance fee will be made as follows:
 - If the resident has elected the 30% refundable entrance fee option, the entrance fee refund will amortize from 90% of the entrance fee to 30% of the entrance fee in equal increments (1.333% per month) over the subsequent 45 months less the reasonable cost of returning the unit to the same condition as it was upon initial occupancy, reasonable wear and tear excluded.
 - If the resident has elected the 80% or 90% refundable entrance fee option, the resident's entrance fee refund will equal 80% or 90% of the entrance fee less the reasonable cost of returning the unit to the same condition as it was upon initial occupancy, reasonable wear and tear excluded.

Any refund owed to the resident, under either the 30% or 90% option, will be paid by the earlier of the Organization's receipt of an entrance fee from a new occupant for the vacated unit or within one year from the date the unit is vacated.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 8: Deferred Revenue From Residential and Life Care Programs (Continued)

Under the Standard agreement, if the resident dies or the Standard agreement is terminated by either party within the first 30 days, the Organization will refund the entire entrance fee. If, after the first 30 days following the date the unit is occupied, as defined, the resident dies or either party terminates the standard agreement, the Organization will refund the refundable portion of the entrance fee, less the reasonable cost of returning the unit to the same condition as it was upon initial occupancy, reasonable wear and tear excluded. Any refund owed to the resident will be paid by the earlier of the Organization's receipt of an entrance fee from a new occupant for the vacated unit or within one year from the date the unit is vacated.

The make-up of the Organization's residency contracts consisted of the following at December 31:

	2025		2024	
	Residents Under Contract	Refundable Entrance Fee	Residents Under Contract	Refundable Entrance Fee
Nonrefundable Life Care	20	\$ -	20	\$ -
Nonrefundable Rental	22	-	22	-
30% Refundable Life Care	187	28,174,624	175	26,140,114
30% Refundable Split-Life Care	5	634,680	7	1,001,760
80% Refundable Standard Contract	21	10,690,348	14	7,208,048
90% Refundable Life Care	15	6,152,362	18	7,899,885
90% Refundable Standard	63	35,659,692	67	38,278,080
90% Refundable Rental	1	79,583	1	79,583
100% Refundable Rental	1	202,100	1	202,100
Totals	326	\$ 81,593,389	325	\$ 80,809,570

Note 9: Community Benefit and Charity Care

The estimated cost of providing care to residents under the Organization's charity care policy was approximately \$244,000 and \$279,000 in 2025 and 2024, respectively, calculated by multiplying the ratio of cost to gross charges for the Organization by the gross uncompensated charges associated with providing charity care.

Healthcare services to patients under the Medicaid program are also considered part of the Organization's benefit provided to the community, since a substantial portion of such services are reimbursed at amounts less than the cost of providing care. The Organization's shortfall (the difference between program reimbursement and costs to provide services) from the Medicaid program was \$38,000 and \$68,000 in 2025 and 2024, respectively.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31:

	2025	2024
Subject to expenditure for specific purpose, and functioning as an endowment:		
Chaplaincy and chapel music	\$ 3,118,300	\$ 2,836,219
Charitable care	787,610	690,656
Scholarships	1,036,619	910,305
Lifestreams program fund	564,119	467,658
Musical programming	348,279	296,377
Garden and nature fund	151,892	132,697
Visual impairment	328,438	287,112
Community impact	389,693	308,970
Physician excellence	1,578,306	150,000
Subject to expenditure for specific purpose:		
Lifestreams programs	11,600	45,788
Other	38,730	57,633
Total net assets with donor restrictions	\$ 8,353,586	\$ 6,183,415

Note 11: Endowment Funds

The Foundation's endowments consist of various funds established to benefit the Organization for a variety of purposes. These funds are maintained by the Foundation in various investments, and the Foundation is responsible for investment decisions.

The Board of Directors has interpreted Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies as an endowment (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds in excess of the original fair value is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. If the market value of the endowment net assets at year-end is below the original fair value, the deficit is recorded as a reduction in net assets with donor restrictions.

The primary long-term financial objective for the Organization's endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of 20 quarters.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 11: Endowment Funds (Continued)

The endowment funds are managed to optimize the long-run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the Organization's existing spending policy. Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

The endowment assets are governed by a spending policy that seeks to distribute a specific payout rate of the endowment base to support the Organization's programs. The endowment base will be defined as the 20 quarter moving average of the market value of the total endowment plus any board-designated additional distribution for earnings in excess of the specific payout rate. The distribution or payout rate will be calculated at a specific fixed percentage of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term. Spending in a given year will reduce the unit value of each endowment element by the payout percentage. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal without drawing from the original corpus of a particular gift.

As of December 31, 2025 and 2024, the Board of Directors had designated \$5,234,324 and \$4,732,356, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. In addition, the endowment fund also consists of funds that are donor restricted for a specific purpose, but which the Board of Directors manages as endowment funds. There are no funds designated as endowments by a donor; however, there are funds that are being managed as endowments where donors have specified a particular purpose.

Endowment funds are invested in cash and cash equivalents and equity and fixed-income mutual funds. The total endowment is monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation.

Endowment net asset composition by type of fund as of December 31 was as follows:

	2025	2024
Without donor restrictions	\$ 5,234,324	\$ 4,732,356
With donor restrictions	8,303,256	6,083,793
Totals	\$ 13,537,580	\$ 10,816,149

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 11: Endowment Funds (Continued)

Changes in endowment net assets at December 31 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments at December 31, 2023	\$ 4,422,521	\$ 5,338,744	\$ 9,761,265
Investment earnings	376,072	474,675	850,747
Contributions	120,363	485,274	605,637
Endowment distributions	(186,600)	(214,900)	(401,500)
Endowments at December 31, 2024	4,732,356	6,083,793	10,816,149
Investment earnings	646,943	963,081	1,610,024
Contributions	46,925	1,501,102	1,548,027
Endowment distributions	(191,900)	(244,720)	(436,620)
Endowments at December 31, 2025	\$ 5,234,324	\$ 8,303,256	\$ 13,537,580

Note 12: Malpractice Insurance

The Organization's liability insurance for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year covers professional liability claims incurred during a policy year regardless of when the claims are reported (occurrence coverage). In addition, the Organization has umbrella coverage for all losses of up to \$5,000,000 per claim and \$11,000,000 per year, also on an occurrence coverage basis. The liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2027.

Note 13: Retirement Plan

The Organization sponsors a noncontributory defined contribution plan covering all eligible employees. The Organization's contributions to the plan are based on a percentage, subject to review and change at the discretion of the Board of Directors, of the annual compensation of all participants, as defined by the plan. The Organization recognized expense of approximately \$522,000 and \$536,000 related to this plan in 2025 and 2024, respectively.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 14: Functional Expenses

The Organization provides general healthcare services to residents. These costs are allocated based on time and specific costs incurred, except for utilities and other, which are allocated based on statistical analysis. Expenses related to providing these services for the years ended December 31 are as follows:

2025	Healthcare Services	Administrative and General	Fundraising	Totals
Salaries and wages	\$ 10,823,692	\$ 3,399,462	\$ 205,662	\$ 14,428,816
Employee benefits	1,870,876	1,254,709	15,415	3,141,000
Professional fees and purchased services	1,384,402	1,335,276	-	2,719,678
Supplies	419,460	299,278	-	718,738
Utilities	1,855,869	472,291	-	2,328,160
Depreciation and amortization	9,213,772	-	-	9,213,772
Interest	3,696,378	-	-	3,696,378
Other	1,870,893	771,007	-	2,641,900
Total	\$ 31,135,342	\$ 7,532,023	\$ 221,077	\$ 38,888,442

2024	Healthcare Services	Administrative and General	Fundraising	Totals
Salaries and wages	\$ 10,432,910	\$ 3,145,465	\$ 188,150	\$ 13,766,525
Employee benefits	1,602,980	1,304,593	14,023	2,921,596
Professional fees and purchased services	1,617,692	1,219,852	-	2,837,544
Supplies	454,639	336,231	-	790,870
Utilities	1,612,384	443,547	-	2,055,931
Depreciation and amortization	9,031,577	-	-	9,031,577
Interest	3,790,333	-	-	3,790,333
Other	1,601,695	715,027	-	2,316,722
Total	\$ 30,144,210	\$ 7,164,715	\$ 202,173	\$ 37,511,098

Note 15: Unemployment Compensation

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. At December 31, 2025 and 2024, the Organization had provided a letter of credit in the amount of approximately \$163,000 to the Treasurer of the Unemployment Reserve Fund of the State of Wisconsin as collateral for payment of eligible benefits. The letter of credit expires December 31, 2028.

Saint John's Communities, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 16: Concentration of Credit Risk

Financial instruments that subject the Organization to possible credit risk consist principally of cash deposits in excess of insured levels, investments that are uninsured, and residents receivable.

The Organization grants credit without collateral to its residents. The mix of gross receivables from residents and third-party payors was as follows at December 31:

	2025	2024
Medicaid	2 %	4 %
Medicare	13 %	20 %
Private-pay and other insurance	85 %	76 %
Totals	100 %	100 %

Certain financial instruments potentially subject the Organization to concentrations of credit risk. Those financial instruments consist primarily of investments and cash deposited in excess of Federal Deposit Insurance Corporation insured limits. Cash is maintained at financial institutions, and at times balances may exceed federally insured limits.

Note 17: Liquidity

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in a variety of investment vehicles. The board designated funds, included in assets limited as to use, are considered available for operational or capital needs and other activities, except for investment vehicles with restrictive redemption requirements. The Organization does not consider amounts held for donor restriction for specific purposes to be available for general expenditure. In the event of a liquidity need, the Organization could also draw upon its \$3,000,000 line of credit.

As of December 31, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled debt service payments, and capital items, were as follows:

	2025	2024
Financial assets:		
Cash	\$ 1,435,834	\$ 636,404
Assets limited as to use - board designated, less those with restrictive redemptions	97,355,216	82,318,380
Residents receivable	447,522	690,985
Other receivable	10,140	20,807
Liquidity resource - line of credit	3,000,000	3,000,000
Total	\$ 102,238,572	\$ 86,645,769

Supplementary Information

Independent Auditor's Report on Supplementary Information

Board of Directors
Saint John's Communities, Inc. and Subsidiary
Milwaukee, Wisconsin

We have audited the consolidated financial statements of Saint John's Communities, Inc. and Subsidiary as of and for the years ended December 31, 2025 and 2024, and our report thereon dated April 20, 2026, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 34 through 41 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

April 20, 2026

Saint John's Communities, Inc. and Subsidiary

Consolidating Balance Sheet

December 31, 2025

Assets	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Current assets:				
Cash	\$ 1,441,171	\$ -	\$ -	\$ 1,441,171
Receivables:				
Resident receivables - Net	447,522	-	-	447,522
Other	10,140	-	-	10,140
Prepaid expenses and other	1,195,070	-	-	1,195,070
Due from related party	21,933	-	(21,933)	-
Total current assets	3,115,836	-	(21,933)	3,093,903
Property and equipment - Net	156,661,769	-	-	156,661,769
Assets limited as to use	97,901,978	13,562,676	-	111,464,654
Development costs - Net	350,026	-	-	350,026
Investment in unconsolidated affiliate	172,898	-	-	172,898
TOTAL ASSETS	\$ 258,202,507	\$ 13,562,676	\$ (21,933)	\$ 271,743,250

Saint John's Communities, Inc. and Subsidiary

Consolidating Balance Sheet (Continued)

December 31, 2025

Liabilities and Net Assets (Deficit)	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Current liabilities:				
Current maturities of long-term debt	\$ 3,560,000	\$ -	\$ -	\$ 3,560,000
Accounts payable:				
Trade	633,921	-	-	633,921
Accrued expenses	1,887,537	3,163	-	1,890,700
Advance deposits and prepayments	5,854,697	-	-	5,854,697
Due to related party	-	21,933	(21,933)	-
Total current liabilities	11,936,155	25,096	(21,933)	11,939,318
Long-term liabilities:				
Long-term debt, less current maturities	114,289,856	-	-	114,289,856
Refundable entrance fees	81,593,389	-	-	81,593,389
Contract liability - deferred revenue	47,542,274	-	-	47,542,274
Total long-term liabilities	243,425,519	-	-	243,425,519
Total liabilities	255,361,674	25,096	(21,933)	255,364,837
Net assets:				
Without donor restrictions	2,790,503	5,234,324	-	8,024,827
With donor restrictions	50,330	8,303,256	-	8,353,586
Total net assets	2,840,833	13,537,580	-	16,378,413
TOTAL LIABILITIES AND NET ASSETS	\$ 258,202,507	\$ 13,562,676	\$ (21,933)	\$ 271,743,250

See Independent Auditor's Report on Supplementary Information.

Saint John's Communities, Inc. and Subsidiary

Consolidating Statement of Operations

Year Ended December 31, 2025

	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Revenue:				
Net resident service revenue	\$ 31,722,331	\$ -	\$ -	\$ 31,722,331
Investment income	6,764,665	256,488	-	7,021,153
Contributions	191,900	46,923	(191,900)	46,923
Net assets released from restrictions for operations	787,911	244,720	(216,820)	815,811
Other operating income	3,677,561	-	-	3,677,561
Total revenue	43,144,368	548,131	(408,720)	43,283,779
Expenses:				
Direct care	8,403,711	-	-	8,403,711
Dietary	4,227,987	-	-	4,227,987
Maintenance	3,704,976	-	-	3,704,976
Housekeeping	1,056,189	-	-	1,056,189
Administration	8,550,658	6,871	-	8,557,529
Grants	-	436,620	(408,720)	27,900
Depreciation and amortization	9,213,772	-	-	9,213,772
Interest	3,696,378	-	-	3,696,378
Total expenses	38,853,671	443,491	(408,720)	38,888,442
Income from operations	4,290,697	104,640	-	4,395,337
Other income: Change in net unrealized gains and losses on investments	4,017,681	397,328	-	4,415,009
Excess of revenue over expenses	8,308,378	501,968	-	8,810,346
Other changes in net assets without donor restrictions -				
Net assets released from restrictions for purchase of property and equipment	13,639	-	-	13,639
Increase in net assets without donor restrictions	\$ 8,322,017	\$ 501,968	\$ -	\$ 8,823,985

See Independent Auditor's Report on Supplementary Information.

Saint John's Communities, Inc. and Subsidiary

Consolidating Statement of Changes in Net Assets

Year Ended December 31, 2025

	Saint John's Communities, Inc.	Saint John's Foundation, Inc.	Eliminations	Consolidated
Net assets without donor restrictions:				
Excess of revenue over expenses	\$ 8,308,378	\$ 501,968	\$ -	\$ 8,810,346
Net assets released from restrictions for purchase of property and equipment	13,639	-	-	13,639
<hr/>				
Increase in net assets without donor restrictions	8,322,017	501,968	-	8,823,985
<hr/>				
Net assets with donor restrictions:				
Contributions	771,033	1,501,101	(216,820)	2,055,314
Investment income	-	370,215	-	370,215
Change in net unrealized gains on investments	-	574,142	-	574,142
Net assets released from restriction	(801,600)	(244,720)	216,820	(829,500)
<hr/>				
Increase (decrease) in net assets with donor restrictions	(30,567)	2,200,738	-	2,170,171
<hr/>				
Change in net assets	8,291,450	2,702,706	-	10,994,156
Net assets (deficit) at beginning	(5,450,617)	10,834,874	-	5,384,257
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Net assets at end	\$ 2,840,833	\$ 13,537,580	\$ -	\$ 16,378,413

See Independent Auditor's Report on Supplementary Information.

Saint John's Communities, Inc. and Subsidiary

Consolidating Balance Sheet

December 31, 2024

Assets	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Current assets:				
Cash	\$ 636,404	\$ -	\$ -	\$ 636,404
Receivables:				
Resident receivables - Net	690,985	-	-	690,985
Other	20,807	-	-	20,807
Prepaid expenses and other	1,257,288	-	-	1,257,288
Due from related party	84,026	-	(84,026)	-
Total current assets	2,689,510	-	(84,026)	2,605,484
Property and equipment - Net	163,427,661	-	-	163,427,661
Assets limited as to use	84,932,776	10,922,887	-	95,855,663
Development costs - Net	420,031	-	-	420,031
Investment in unconsolidated affiliate	74,998	-	-	74,998
TOTAL ASSETS	\$ 251,544,976	\$ 10,922,887	\$ (84,026)	\$ 262,383,837

Saint John's Communities, Inc. and Subsidiary

Consolidating Balance Sheet (Continued)

December 31, 2024

Liabilities and Equity	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Current liabilities:				
Current maturities of long-term debt	\$ 3,455,001	\$ -	\$ -	\$ 3,455,001
Accounts payable:				
Trade	567,824	-	-	567,824
Accrued expenses	2,475,275	3,987	-	2,479,262
Advance deposits and prepayments	4,327,845	-	-	4,327,845
Due to related party	-	84,026	(84,026)	-
Total current liabilities	10,825,945	88,013	(84,026)	10,829,932
Long-term liabilities:				
Long-term debt, less current maturities	118,021,660	-	-	118,021,660
Refundable entrance fees	80,809,570	-	-	80,809,570
Contract liability - deferred revenue	47,338,418	-	-	47,338,418
Total long-term liabilities	246,169,648	-	-	246,169,648
Total liabilities	256,995,593	88,013	(84,026)	256,999,580
Net assets:				
Without donor restrictions	(5,531,514)	4,732,356	-	(799,158)
With donor restrictions	80,897	6,102,518	-	6,183,415
Total net assets (deficit)	(5,450,617)	10,834,874	-	5,384,257
TOTAL LIABILITIES AND NET ASSETS	\$ 251,544,976	\$ 10,922,887	\$ (84,026)	\$ 262,383,837

See Independent Auditor's Report on Supplementary Information.

Saint John's Communities, Inc. and Subsidiary

Consolidating Statement of Operations

Year Ended December 31, 2024

	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Revenue:				
Net resident service revenue	\$ 30,655,633	\$ -	\$ -	\$ 30,655,633
Investment income	4,044,732	1,120,903	-	5,165,635
Contributions	185,100	120,363	(185,100)	120,363
Net assets released from restrictions for operations	722,998	214,900	(203,900)	733,998
Other operating income	3,208,672	-	-	3,208,672
Total revenue	38,817,135	1,456,166	(389,000)	39,884,301
Expenses:				
Direct care	8,087,338	-	-	8,087,338
Dietary	3,961,834	-	-	3,961,834
Maintenance	3,502,836	-	-	3,502,836
Housekeeping	1,026,067	-	-	1,026,067
Administration	8,093,643	4,970	-	8,098,613
Grants	-	401,500	(389,000)	12,500
Depreciation and amortization	9,031,577	-	-	9,031,577
Interest	3,790,333	-	-	3,790,333
Total expenses	37,493,628	406,470	(389,000)	37,511,098
Income from operations	1,323,507	1,049,696	-	2,373,203
Nonoperating income (loss):				
Change in net unrealized gains and losses on investments	1,892,537	(739,862)	-	1,152,675
Loss on sale of fixed assets	(91,745)	-	-	(91,745)
Total other income (loss)	1,800,792	(739,862)	-	1,060,930
Excess of revenue over expenses	3,124,299	309,834	-	3,434,133
Other changes in net assets without donor restrictions -				
Net assets released from restrictions for purchase of property and equipment	12,457	-	-	12,457
Increase in net assets without donor restrictions	\$ 3,136,756	\$ 309,834	\$ -	\$ 3,446,590

See Independent Auditor's Report on Supplementary Information.

Saint John's Communities, Inc. and Subsidiary

Consolidating Statement of Changes in Net Assets

Year Ended December 31, 2024

	Saint John's Communities, Inc.	Saint John's Communities Foundation, Inc.	Eliminations	Consolidated
Net assets without donor restrictions:				
Excess of revenue over expenses	\$ 3,124,299	\$ 309,834	\$ -	\$ 3,434,133
Net assets released from restrictions for purchase of property and equipment	12,457	-	-	12,457
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Increase in net assets without donor restrictions	3,136,756	309,834	-	3,446,590
<hr/>				
Net assets with donor restrictions:				
Contributions	773,840	485,274	(203,900)	1,055,214
Investment income	-	1,422,652	-	1,422,652
Change in net unrealized gains on investments	-	(950,891)	-	(950,891)
Net assets released from restriction	(735,455)	(214,900)	203,900	(746,455)
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Increase in net assets with donor restrictions	38,385	742,135	-	780,520
<hr/>				
Change in net assets	3,175,141	1,051,969	-	4,227,110
Net assets at beginning	(8,625,758)	9,782,905	-	1,157,147
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Net assets (deficit) at end	\$ (5,450,617)	\$ 10,834,874	\$ -	\$ 5,384,257

See Independent Auditor's Report on Supplementary Information.