

ARARAT HOME
OF LOS ANGELES, INC.®

Continuing Care Annual Report

Year Ended December 31, 2025

Ararat Home of Los Angeles, Inc.

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Annual Report Checklist

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/2025

PROVIDER(S):

Ararat Home of Los Angeles, Inc

CCRC(S):

Ararat Nursing Facility and Assisted Living
Ararat Gardens and Post Acute

PROVIDER CONTACT PERSON:

Derik Ghookasian

TELEPHONE NUMBER:

818-365-3000

E-MAIL ADDRESS:

DerikG@ararathome.org

A complete annual report must consist of 3 copies of all of the following:

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 17,248.34
 - If applicable, late fee in the amount of: \$ _____
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- Form 9-1, "Calculation of Refund Reserve Amount", if applicable.
- Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

Part 1

Resident Population
and
Annual Provider Fee

FORM 1-2: ANNUAL PROVIDER FEE

| Line | TOTAL |
|--|---------------------|
| [1] Total Operating Expenses (including depreciation and debt service - interest only) | 66,987,194.00 |
| [a] Depreciation | 2,606,823.00 |
| [b] Debt Service (Interest Only) | 497,615.77 |
| [2] Subtotal (add Line 1a and 1b) | 3,104,438.77 |
| [3] Subtract Line 2 from Line 1 and enter result. | 63,882,755.23 |
| [4] Percentage allocated to continuing care residents (Form 1-1, Line 11) | 0.23 |
| [5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) | 14,693,033.70 |
| [6] Total Amount Due (multiply Line 5 by .001) | \$ 14,693.03 |

PROVIDER: Ararat Home of Los Angeles, Inc.

COMMUNITY: Ararat Garden and Post Acute

FORM 1-1:RESIDENT POPULATION

| Line | Continuing Care Residents | TOTAL |
|----------------------|---|-------|
| [1] | Number at beginning of fiscal year | 24 |
| [2] | Number at end of fiscal year | 23 |
| [3] | Total Lines 1 and 2 | 47 |
| | | x.50 |
| [4] | Multiply Line 3 by “.50” and enter result on Line 5. | |
| [5] | Mean number of continuing care residents | 24 |
| All Residents | | |
| [6] | Number at beginning of fiscal year | 95 |
| [7] | Number at end of fiscal year | 107 |
| [8] | Total Lines 6 and 7 | 202 |
| | | x.50 |
| [9] | Multiply Line 8 by “.50” and enter result on Line 10. | |
| [10] | Mean number of <i>all</i> residents | 101 |
| [11] | Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places). | 0.23 |

FORM 1-2: ANNUAL PROVIDER FEE

| Line | TOTAL |
|--|--------------------|
| [1] Total Operating Expenses (including depreciation and debt service - interest only) | 66,987,194.00 |
| [a] Depreciation | 2,606,823.00 |
| [b] Debt Service (Interest Only) | 497,615.77 |
| [2] Subtotal (add Line 1a and 1b) | 3,104,438.77 |
| [3] Subtract Line 2 from Line 1 and enter result. | 63,882,755.23 |
| [4] Percentage allocated to continuing care residents (Form 1-1, Line 11) | 0.04 |
| [5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) | 2,555,310.20 |
| [6] Total Amount Due (multiply Line 5 by .001) | \$ 2,555.31 |

PROVIDER: Ararat Home of Los Angeles, Inc.

COMMUNITY: Ararat Nursing Facility and Assisted Living

FORM 1-1:RESIDENT POPULATION

| Line | Continuing Care Residents | TOTAL |
|----------------------|---|-------|
| [1] | Number at beginning of fiscal year | 10 |
| [2] | Number at end of fiscal year | 15 |
| [3] | Total Lines 1 and 2 | 25 |
| | | x.50 |
| [4] | Multiply Line 3 by “.50” and enter result on Line 5. | |
| [5] | Mean number of continuing care residents | 13 |
| All Residents | | |
| [6] | Number at beginning of fiscal year | 309 |
| [7] | Number at end of fiscal year | 315 |
| [8] | Total Lines 6 and 7 | 624 |
| | | x.50 |
| [9] | Multiply Line 8 by “.50” and enter result on Line 10. | |
| [10] | Mean number of <i>all</i> residents | 312 |
| [11] | Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places). | 0.04 |

Part 2

Certification

by

Chief Executive Officer



May 28, 2026

Department of Social Services
Continuing Care Contracts Branch
744 P Street M.S. 9-14-91
Sacramento, California 95814

RE: Certification by Chief Executive Officer

Dear Sir or Madam:

This letter is to serve as certification concerning the annual report for Ararat Home of Los Angeles, Inc.

The annual report and any amendments thereto are correct to the best of my knowledge.

Each continuing care contract form in use or offered to new residents has been approved by the Department.

As of the date of the certification, Ararat Home of Los Angeles, Inc. is maintaining the required liquid reserve.

Sincerely,



Derik Ghookasian
Chief Executive Officer

Part 3

Evidence of Fidelity Bond



Corporate Office
945 East Paces Ferry Rd.
Atlanta, GA 30326

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

NOTICE: THIS IS A CLAIMS MADE AND REPORTED POLICY THAT APPLIES ONLY TO THOSE **CLAIMS** FIRST MADE AGAINST THE **INSURED** DURING THE **POLICY PERIOD** THAT ARE REPORTED TO THE **INSURER** DURING THE **POLICY PERIOD**, OR EXTENDED REPORTING PERIOD (IF APPLICABLE) AND REPORTED IN ACCORDANCE WITH THIS POLICY'S REPORTING PROVISIONS. THE LIMIT OF LIABILITY AVAILABLE TO PAY **LOSS** SHALL BE REDUCED OR TOTALLY EXHAUSTED BY PAYMENT OF **DEFENSE EXPENSES**.

PLEASE READ YOUR POLICY CAREFULLY

CLAIM NOTICE

Mail notices to: RSUI Group, Inc.
945 East Paces Ferry Rd.
Suite 1800
Atlanta, GA 30326

Fax notices to: (404) 231-3755
Attn: Claims Department

E-mail notices to: reportclaims@rsui.com

RSUI's Panel Counsel Finder: [Panel Counsel Link](#)

NON-PROFIT ORGANIZATION COMMON POLICY DECLARATIONS



Corporate Office
945 E. Paces Ferry Rd.
Suite 1800
Atlanta, GA 30326

| | | |
|---------------------|------------------------------------|-------------------------|
| COMPANY SYMBOL N | POLICY PREFIX & NUMBER PP711043 | RENEWAL OF NPP694775 |
|---------------------|------------------------------------|-------------------------|

● THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ IT CAREFULLY. ●

THIS POLICY IS ISSUED BY: RSUI Indemnity Company (hereinafter referred to as the Insurer)

ITEM 1. INSURED ORGANIZATION'S NAME AND MAILING ADDRESS
ARARAT HOME OF LOS ANGELES, INC.
15105 MISSION HILLS ROAD
MISSION HILLS, CA 91345

PRODUCER'S NAME AND ADDRESS

IN CONSIDERATION OF THE PAYMENT OF THE PREMIUM, IN RELIANCE UPON THE STATEMENTS HEREIN OR ATTACHED HERETO, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, THE INSURER AGREES TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

ITEM 2. POLICY PERIOD:

FROM 7/22/2024 TO 7/22/2027 12:01 AM Standard Time at the Insured's address as stated herein

ITEM 3. COVERAGE SECTIONS APPLICABLE TO POLICY:

| | Purchased | Shared Limit | Separate Limit |
|---|---|-------------------------------------|--------------------------|
| A. Directors and Officers Liability Insurance | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| B. Employment Practices Liability Insurance | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 1) Third Party Liability Coverage | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| C. Fiduciary Liability Insurance | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

ITEM 4. LIMIT OF LIABILITY:

\$ 4,000,000 Aggregate Limit of Liability for All Coverage Sections

ITEM 5. PREMIUM:

\$ 53,780.00 Policy Premium per Installment for All Coverage Sections

ITEM 6. POLICY FORM AND ENDORSEMENTS MADE A PART OF THIS POLICY AT THE TIME OF ISSUE:

SEE SCHEDULE OF ENDORSEMENTS – RSG 210077 0118

THESE DECLARATIONS TOGETHER WITH THE COMPLETED, SIGNED AND DATED APPLICATION, POLICY FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned: _____ July 15, 2024 _____
DATE AUTHORIZED REPRESENTATIVE

**NON-PROFIT ORGANIZATION DIRECTORS AND OFFICERS
LIABILITY DECLARATIONS**



Corporate Office
945 E. Paces Ferry Rd.
Suite 1800
Atlanta, GA 30326

| | |
|----------------|------------------------|
| COMPANY SYMBOL | POLICY PREFIX & NUMBER |
| N | PP711043 |

●THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ IT CAREFULLY.●

THIS POLICY IS ISSUED BY: RSUI Indemnity Company (hereinafter referred to as the Insurer)

ITEM 1. INSURED ORGANIZATION'S NAME

ARARAT HOME OF LOS ANGELES, INC.

ITEM 2. LIMIT OF LIABILITY:

| | |
|--|---------------------|
| A. Directors and Officers Limit of Liability | \$ <u>4,000,000</u> |
| B. Additional Side-A Limit of Liability | \$ <u>500,000</u> |

ITEM 3. RETENTION:

| | |
|--|------------------|
| A. Directors and Officers Liability Retentions | |
| 1) Insuring Agreement A | \$ <u>0</u> |
| 2) Insuring Agreement B | \$ <u>50,000</u> |
| 3) Insuring Agreement C | \$ <u>50,000</u> |

ITEM 4. PRIOR AND/OR PENDING LITIGATION DATE:

Directors and Officers Prior and/or Pending Litigation Date: 07/22/2005

THESE DECLARATIONS TOGETHER WITH THE COMPLETED, SIGNED AND DATED APPLICATION, POLICY FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned: _____

July 15, 2024
DATE

AUTHORIZED REPRESENTATIVE

**NON-PROFIT ORGANIZATION EMPLOYMENT PRACTICES
LIABILITY DECLARATIONS**



Corporate Office
945 E. Paces Ferry Rd.
Suite 1800
Atlanta, GA 30326

| | |
|----------------|------------------------|
| COMPANY SYMBOL | POLICY PREFIX & NUMBER |
| N | PP711043 |

●THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ IT CAREFULLY.●

THIS POLICY IS ISSUED BY: RSUI Indemnity Company (hereinafter referred to as the Insurer)

ITEM 1. INSURED ORGANIZATION'S NAME

ARARAT HOME OF LOS ANGELES, INC.

ITEM 2. LIMIT OF LIABILITY:

- A. Employment Practices Limit of Liability \$ 4,000,000
(Including Third Party Liability, if purchased)
- B. Workplace Violence Expenses Sublimit \$ Not Applicable

ITEM 3. RETENTION:

- A. Employment Practices Liability Retentions
 - 1) Employment Practices Liability \$ 150,000
 - 2) Third Party Liability Coverage \$ 150,000

ITEM 4. PRIOR AND/OR PENDING LITIGATION DATE:

Employment Practices Prior and/or Pending Litigation Date: 07/22/2005

THESE DECLARATIONS TOGETHER WITH THE COMPLETED, SIGNED AND DATED APPLICATION, POLICY FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned: _____

July 15, 2024

DATE

AUTHORIZED REPRESENTATIVE

NON-PROFIT ORGANIZATION FIDUCIARY LIABILITY DECLARATIONS



Corporate Office
945 E. Paces Ferry Rd.
Suite 1800
Atlanta, GA 30326

| | |
|---------------------|------------------------------------|
| COMPANY SYMBOL N | POLICY PREFIX & NUMBER PP711043 |
|---------------------|------------------------------------|

● THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ IT CAREFULLY. ●

THIS POLICY IS ISSUED BY: RSUI Indemnity Company (hereinafter referred to as the Insurer)

ITEM 1. INSURED ORGANIZATION'S NAME

ARARAT HOME OF LOS ANGELES, INC.

ITEM 2. LIMIT OF LIABILITY:

Fiduciary Limit of Liability \$ 1,000,000

ITEM 3. RETENTION:

Fiduciary Liability Retention \$ 5,000

ITEM 4. PRIOR AND/OR PENDING LITIGATION DATE:

Fiduciary Liability Prior and/or Pending Litigation Date: 07/22/2005

ITEM 5. FIDUCIARY LIABILITY ADDITIONAL COVERAGES:

| ADDITIONAL COVERAGES | SUBLIMIT | RETENTION | PRIOR/PENDING LITIGATION DATE |
|--|-----------|-----------|-------------------------------|
| <input checked="" type="checkbox"/> HIPAA Violations | \$25,000 | \$5,000 | 07/22/2005 |
| <input checked="" type="checkbox"/> Voluntary Compliance Fees or Sanctions | \$100,000 | \$5,000 | 07/22/2005 |
| <input checked="" type="checkbox"/> PPACA Civil Money Penalties | \$25,000 | \$5,000 | 07/22/2005 |
| <input checked="" type="checkbox"/> Plan Value Fiduciary Liability | \$25,000 | \$5,000 | 07/22/2005 |
| <input checked="" type="checkbox"/> Settlor Breaches of Duty | \$25,000 | \$5,000 | 07/22/2005 |
| <input checked="" type="checkbox"/> Other Penalties | \$25,000 | \$5,000 | 07/22/2005 |

THESE DECLARATIONS TOGETHER WITH THE COMPLETED, SIGNED AND DATED APPLICATION, POLICY FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned: _____

July 15, 2024

DATE

AUTHORIZED REPRESENTATIVE

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
SUPPLEMENTAL DECLARATIONS**



POLICY NUMBER: NPP711043

SCHEDULE OF FORMS AND ENDORSEMENTS

| <u>TITLE</u> | <u>FORM NUMBER</u> |
|---|---------------------------|
| California Changes-Cancellation and Nonrenewal | RSG 203005 0118 |
| Disclosure Pursuant to Terrorism Risk Insurance Act | RSG 204123 0121 |
| Cap on Losses From Certified Acts of Terrorism | RSG 204198 0118 |
| FORMS APPLICABLE TO MULTIPLE COVERAGE PARTS | |
| Common Policy Terms and Conditions Coverage Section-Non-Profit | RSG 211003 0622 |
| Affiliate Coverage | RSG 204207 0118 |
| Amended Definition of Loss-Defense Claims for ADA | RSG 214076 0118 |
| Amended Notice of Claim or Circumstance | RSG 204090 0118 |
| Amended Settlement Provision | RSG 204160 0118 |
| Coverage Extension-Federal Immigration and Nationality Act | RSG 204159 0118 |
| Coverage Extension-Healthcare Organization | RSG 214078 0121 |
| Coverage Extension-HIPAA | RSG 214077 0118 |
| Delete BIPA and Cyber Exclusions | Manuscript 0822 |
| Extradition Coverage | RSG 204174 0118 |
| Fully Non-Rescindable Coverage | RSG 204157 0119 |
| Telecommunications Claims Coverage | RSG 204215 0819 |
| Three (3) Year Aggregate Reinstatement-Annual Installment with Claims Provision | RSG 214040 0118 |
| Three (3) Year Bilateral Extended Reporting Period | RSG 207002 0118 |
| FORMS APPLICABLE TO DIRECTORS & OFFICERS LIABILITY | |
| Directors and Officers Liability Coverage Section-Non-Profit | RSG 211009 0121 |
| Exclusion-Malpractice Modified | RSG 206088 0118 |
| Exclusion-Pollution (Modified Non-Indemnifiable Claims Carve Back) | RSG 216018 0118 |
| Investigative Costs Coverage | RSG 214059 0118 |
| FORMS APPLICABLE TO EMPLOYMENT PRACTICES LIABILITY | |
| Employment Practices Liability Coverage Section-Non-Profit | RSG 211010 0118 |
| FORMS APPLICABLE TO FIDUCIARY LIABILITY | |
| Fiduciary Liability Coverage Section-Non-Profit | RSG 211011 0118 |

This Endorsement Changes The Policy. Please Read It Carefully.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY PRIVATE COMPANY MANAGEMENT LIABILITY POLICY

SECTION V. – CONDITIONS, F. Cancellation; Renewal Provision of the Common Policy Terms and Conditions Coverage Section is deleted and replaced by the following:

F. Cancellation; Renewal Provision

The **Insured Organization** may cancel this policy at any time by written notice or by surrender of this policy to the **Insurer** at its address shown on the Declarations Page.

This policy may only be cancelled by or on behalf of the **Insurer** in the event the **Insured Organization** fails to pay any premium when due. In the event of non-payment of premium by the **Insured Organization**, the **Insurer** may cancel this policy upon ten (10) days written notice. The **Insurer** will mail notice to the **Insured Organization's** address as shown in Item 1. of the Declarations Page. The mailing of such notice as aforesaid shall be sufficient proof of notice.

If the **Insured Organization** cancels this policy, the **Insurer** will retain the customary short rate proportion of the premium hereon.

The **Insurer** shall not be required to renew this policy upon its expiration. The offer by the **Insurer** of renewal terms, conditions, Limit of Liability and/or premiums varying from those of the expiring policy shall not constitute a refusal to renew.

Nonrenewal

1. Subject to provisions of paragraph 2. below, if the **Insurer** elects not to renew this policy, the **Insurer** will mail or deliver written notice stating the reason for nonrenewal to the **Insured Organization** shown in the Declarations Page and to the producer of record, at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration or anniversary date.

The **Insurer** will mail or deliver said notice to the **Insured Organization**, and to the producer of record, at the mailing address shown in this policy.

2. The **Insurer** is not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between the **Insurer** and a member of the **Insurer's** insurance group.
 - b. If the policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with paragraph 1. above.
 - c. If the **Insured Organization** has obtained replacement coverage, or if the **Insured Organization** has agreed, in writing, within sixty (60) days of the termination of this policy, to obtain that coverage.
 - d. If the policy is for a period of no more than sixty (60) days and the **Insured Organization** is notified at the time of issuance that it will not be renewed.
 - e. If the **Insured Organization** requests a change in the terms or conditions or risks covered by this policy within sixty (60) days of the end of the **Policy Period**.
 - f. If the **Insurer** has made a written offer to the **Insured Organization**, in accordance with the timeframes shown in paragraph 1. above, to renew this policy under changed terms or conditions or at an increased premium rate, when the increase exceeds twenty five percent (25%).

All other terms and conditions of this policy remain unchanged.

Policy No.: NPP711043 **Effective:** 7/22/2024

THIS ENDORSEMENT IS ATTACHED TO AND MADE A PART OF THIS POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THIS POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE*

| | |
|--------------------------|------------|
| Terrorism Premium | \$0 |
|--------------------------|------------|

Additional information, if any, concerning the terrorism premium:

The portion of your premium for the policy term attributable to coverage for all acts of terrorism covered under this policy including terrorist acts certified under the Act is listed above.

*Information required to complete this Schedule, if not shown above, will be shown in the Declarations Page.

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, as amended, the **Insurer** is required to provide the **Insured** with a notice disclosing the portion of the **Insured's** premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of the **Insured's** premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations Page.

As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 80% of that portion of the amount of such insured losses that exceeds the applicable **Insurer** retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap Insurer Participation in Payment of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the **Insurer** has met our **Insurer** deductible under the Terrorism Risk Insurance Act, the **Insurer** will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Policy No.: NPP711043

Effective: 7/22/2024

ADVISORY NOTICE REGARDING TRADE OR ECONOMIC SANCTIONS

No coverage is provided by this Notice nor can it be construed to replace any provisions of the policy. Please read the policy and review the Declarations page, if applicable, for complete information on the coverages provided.

This Notice provides information concerning possible impact on insurance coverage due to any applicable trade or economic sanctions law or regulation, including but not limited to, trade or economic sanctions laws or regulations of the United Nations, European Union, Switzerland, United Kingdom, Canada or the United States Treasury Department's Office of Foreign Assets Control.

Please read this Notice carefully.

If it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated any applicable trade or economic sanctions laws or regulations, including but not limited to those of the United Nations, European Union, Switzerland, United Kingdom, Canada or the United States Treasury Department's Office of Foreign Assets Control, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to restrictions. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from the applicable regulator. Other limitations on the premiums and payments also apply.

This Endorsement Changes The Policy. Please Read It Carefully.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

The following is added to the Common Policy Terms and Conditions Coverage Section:

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the **Insurer** has met our insurer deductible under the Terrorism Risk Insurance Act, the **Insurer** shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a **Certified Act of Terrorism** include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Exclusion.

All other terms and conditions of this policy remain unchanged.



www.RSUlextra.com

Online Human Resource Loss Prevention Services for Directors and Officers Liability Policyholders

Key Features

- Best Practice Help Line for call-in assistance
- Checklist database for lowering risk
- Links to important federal and state government sites
- Online library with up-to-date articles on productivity, leadership and loss prevention
- Sample Human Resource policies and forms
- Online reporting function allows the Site Administrator to monitor usage
- Online training modules designed for managers and supervisors with the ability to adapt programs to meet their own needs. Best Practice training modules include:
 - Preventing Sexual Harassment
 - Preventing Discrimination
 - Preventing Wrongful Termination
 - Promoting Ethical Behavior

How to get started

1. Designate a person to serve as the Site Administrator for your organization.
2. Go to www.RSUlextra.com.
3. Click the *Register* link on the left-hand side of the home page.
4. Enter your RSUI policy number as the Passcode/Organization Code (i.e. NHP123456).
5. Complete the Registration Information and click *Submit*.
6. You are now registered as the Site Administrator.

Who is a Site Administrator?

A Site Administrator is often a person who works with personnel or legal matters and is the person who will oversee the use of www.RSUlextra.com. A Site Administrator will have the ability to recruit and add other users as well as make training decisions.

Questions?

Please call The McCalmon Group at (888) 712-7667 or click *CONTACT US* at www.RSUlextra.com on the upper right hand side of the home page. You will be directed to The McCalmon Group for assistance.

This site is administered by The McCalmon Group.

COMMON POLICY TERMS AND CONDITIONS

COVERAGE SECTION (NON-PROFIT)

PLEASE READ YOUR POLICY CAREFULLY

Words and phrases that appear in **bold** text have special meaning. Refer to SECTION III. - DEFINITIONS.

In consideration of the payment of premium and in reliance upon all statements made to the **Insurer** in the **Application**, and subject to the terms, conditions, definitions, exclusions and limitations hereinafter provided, the **Insurer** agrees:

SECTION I. – COMMON POLICY TERMS AND CONDITIONS

The Common Policy Terms and Conditions Section of this policy shall apply to all **Coverage Sections**. Unless stated to the contrary in any **Coverage Section**, the terms and conditions of each **Coverage Section** of this policy shall apply only to that **Coverage Section** and shall not apply to any other **Coverage Section** of this policy. If any provision in the Common Policy Terms and Conditions sections is inconsistent or in conflict with the terms and conditions in any **Coverage Section**, including any endorsements attached thereto, the terms and conditions of such **Coverage Section** or endorsement, shall supersede for the purposes of that **Coverage Section**.

SECTION II. - COVERAGE EXTENSIONS

A. Marital Estate

This policy shall cover **Loss** arising from any **Claim** made against the lawful spouse or any legally recognized domestic partner of an **Insured Person** for **Claims** arising solely out of his or her status as the spouse or domestic partner of an **Insured Person** (where such status is derived by reason of statutory law or common law) where such **Insured Person** is entitled to coverage under this policy. Such coverage shall extend to any **Claim** in which a recovery is sought from marital community property, property jointly held by the **Insured Person** and the spouse or domestic partner, or property transferred from the **Insured Person** to the spouse or domestic partner.

Provided, however, that this COVERAGE EXTENSION shall not extend coverage to any **Claim** for, arising from, based upon or attributable to any actual or alleged **Wrongful Act** of the spouse or domestic partner.

B. Extended Reporting Period

If the **Insurer** shall refuse to renew this policy or the **Insured Organization** shall cancel or refuse to renew this policy, the **Insured Organization** shall have the right, upon payment of seventy five percent (75%) of the Full Annual Premium, to a period of three hundred and sixty five (365) days following the effective date of such cancellation or nonrenewal (herein referred to as the "Extended Reporting Period") in which to give written notice to the **Insurer** of any **Claim** first made against the **Insured** during said three hundred and sixty five (365) day period for any **Wrongful Act** occurring prior to the end of the **Policy Period** and otherwise covered by this policy. As used herein, "Full Annual Premium" means the premium stated in Item 5. of the Common Policy Declarations Page and any additional premium(s) charged during the **Policy Period**. The rights contained in this clause shall terminate unless written notice of such election together with the additional premium due is received by the **Insurer** at its address shown on the Declarations Page within thirty (30) days of the effective date of cancellation or nonrenewal.

The Extended Reporting Period is not cancelable and the additional premium charged shall be fully earned at the inception of the Extended Reporting Period.

The Limit of Liability available under the Extended Reporting Period is part of and not in addition to the Limit of Liability stated in Item 4. of the Declarations Page.

The rights contained in this clause shall not apply in the event of cancellation resulting from non-payment of premium.

C. Estates and Legal Representatives

This policy shall cover **Loss** arising from any **Claim** made against the estates, heirs, legal representatives or assigns of an **Insured Person** who is deceased, or against the legal representatives or assigns of an **Insured Person** who is incompetent, insolvent or bankrupt, for the **Wrongful Act** of such **Insured Person**.

SECTION III. – DEFINITIONS

- A. Application** means the application attached to and forming a part of this policy, including any materials submitted or requested in connection with such application within 12 months prior to the inception date of this policy, all of which are deemed a part of this policy.
- B. Claim** shall have the meaning set forth in each applicable **Coverage Section** or any applicable endorsements attached to this policy.
- C. Coverage Section** means, individually or collectively, the purchased coverage sections listed in Item 3. of the Declarations, including all endorsements attached thereto.
- D. Defense Expenses** means reasonable and necessary legal fees and expenses incurred, with the **Insurer's** consent, by any **Insured** in defense of a **Claim**, including any appeal therefrom. **Defense Expenses**, however, shall not include:
1. Remuneration, overhead or benefit expenses associated with any **Insured Person**; or
 2. Any obligation to apply for or furnish any appellate or similar bond.
- E. Employment Practices Wrongful Act** shall have the meaning set forth in the Employment Practices Liability Coverage Section, whether or not purchased.
- F. Fiduciary Wrongful Act** shall have the meaning set forth in the Fiduciary Liability Coverage Section, whether or not purchased.
- G. Insured** shall have the meaning set forth in each applicable **Coverage Section** or any applicable endorsements attached to this policy.
- H. Insured Organization** means:
1. The organization named in Item 1. of the Declarations Page and any **Subsidiary** existing prior to or at the inception date of this policy; or
 2. Subject to SECTION V. - CONDITIONS, G. Merger, Consolidation or Acquisition of this policy, **Insured Organization** shall include any **Subsidiary** created or acquired after the inception date of this policy; or
 3. In the event a bankruptcy proceeding shall be instituted by or against the foregoing entities, the resulting debtor-in-possession (or equivalent status outside the United States), if any.
- I. Insured Person** shall have the meaning set forth in each applicable **Coverage Section** or any applicable endorsements attached to this policy.
- J. Insurer** means the Company providing this insurance as shown on the Declarations Page.
- K. Loss** shall have the meaning set forth in each applicable **Coverage Section** or any applicable endorsements attached to this policy.
- L. Policy Period** means the period beginning at the inception date and ending at the expiration date stated in Item 2. of the Declarations Page or to any earlier policy cancellation or termination date.
- M. Subsidiary** means any entity of which the **Insured Organization**, either directly or indirectly, or through one or more of its **Subsidiaries**:
1. Owns more than fifty percent (50%) of the voting interest; or
 2. Has the right to elect or appoint more than fifty percent (50%) of the voting directors or trustees.
- A **Subsidiary** ceases to be a **Subsidiary** when the **Insured Organization** no longer owns more than fifty percent (50%) of the voting interest, or no longer has the right to elect or appoint more than fifty percent (50%) of the voting directors, or trustees, either directly or indirectly, or through one or more of its **Subsidiaries**.
- N. Third Party** shall have the meaning set forth in the Employment Practices Liability Coverage Section, whether or not purchased.
- O. Third Party Discrimination** shall have the meaning set forth in the Employment Practices Liability Coverage Section, whether or not purchased.
- P. Third Party Harassment** shall have the meaning set forth in the Employment Practices Liability Coverage Section, whether or not purchased.

Q. Wrongful Act shall have the meaning set forth in each applicable **Coverage Section** or any applicable endorsements attached to this policy.

SECTION IV. - EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured**:

1. Alleging, arising out of, based upon or attributable to, directly or indirectly, the same or essentially the same facts underlying or alleged in any matter which, prior to the inception date of this policy, has been the subject of notice to any insurer of a **Claim**, or a potential or threatened **Claim**, or an occurrence or circumstance that might give rise to a **Claim** under any policy of which this insurance is a renewal or replacement or which it may succeed in time;
2. Based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any nuclear reaction, nuclear radiation, or radioactive contamination, or any related act or incident;
3. Any **Telecommunications Claim**, as defined below.

A **Telecommunications Claim** is any **Claim**:

- a. Arising from, based upon, attributable to, or in consequence of any proceeding against any **Insured** brought by the Federal Trade Commission or any other federal, state or local regulatory agency or other administrative body alleging the violation of any federal, state or local laws or regulation pertaining to unsolicited or non-consensual advertising, through faxes, telephone calls, texting or any other medium; and/or
- b. Arising from, based upon, attributable to, or in consequence of, any actual or alleged violation of:
 - (1) The Fair Debt Collection Practices Act or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state or local statutory law or common law anywhere in the world;
 - (2) The CAN-SPAM Act of 2003 or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state or local statutory law or common law anywhere in the world;
 - (3) The Telephone Consumer Protection Act (TCPA) of 1991 or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state or local statutory law or common law anywhere in the world; or
 - (4) Any other law, ordinance, regulation, statute or common law relating to any communication, distribution, publication, sending or transmission via telephone, telephone facsimile machine, computer or other telephonic or electronic devices.
4. Alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, in whole or in part, any actual or alleged violation of **Biometric Privacy Information** as defined below:

Biometric Privacy Information is defined as the Biometric Information Privacy Act ("BIPA"), the California Consumer Privacy Act ("CCPA"), or any federal, state, municipal or local statutory biometric privacy law or any such similar law or statute anywhere in the world that governs or relates to the collection, use, safeguarding, handling, storage, retention or destruction of biometric identifiers, biometric data or biometric information of any kind, including but not limited to retina or iris scans, fingerprints, voiceprints or scans of hand or face geometry.

5. Alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, in whole or in part, any actual or alleged violation of **Network Security and Privacy Information** as defined below:
 - a. **Network Security and Privacy Information** shall mean:
 - (1) failure to prevent the transmission of a **Computer Virus**; or
 - (2) failure to provide any authorized user of the **Insured Organization's** website, or the **Insured Organization's** computer or communications network, with access to such website, or computer or communications network; or
 - (3) failure to prevent unauthorized access to, or use of, data containing private or confidential information of others; or
 - (4) failure to properly handle, manage, store, destroy or otherwise control confidential corporate or

personally identifiable information; or

(5) failure to provide notification of any actual or potential unauthorized access to, or use of, data containing private or confidential information of others if such notification is required by any state or federal regulation or statute.

b. **Computer Virus** shall mean any malicious code which could destroy, alter, contaminate or degrade the integrity, quality or performance of data of any computer application software, computer network, or computer operating system or related network, upon the introduction of such malicious code through any computer, communications equipment or communications network that is owned or operated by the **Insured Organization**.

The **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured** for the purpose of determining the applicability of the EXCLUSIONS set forth in SECTION IV.

SECTION V. - CONDITIONS

A. Duty to Defend

It shall be the right and duty of the **Insurer** to defend any **Claim** against any **Insured** for which coverage applies under this policy, and the **Insurer** shall have the right to appoint counsel of its choosing. No **Insured** may incur any **Defense Expenses**, admit liability for or settle any **Claim** or negotiate any settlement without the **Insurer's** prior written consent; such consent not to be unreasonably withheld. Any **Defense Expenses** incurred or settlements made without the prior written consent of the **Insurer** will not be covered under this policy. The **Insurer** shall have the right to appoint counsel, investigate and conduct negotiations and, with the consent of the **Insured**, to enter into the settlement of any **Claim** that the **Insurer** deems appropriate. If the **Insured** refuses to consent to a settlement acceptable to the claimant in accordance with the **Insurer's** recommendations, the **Insurer's** liability for all **Loss** on account of such **Claim** shall not exceed:

1. The amount for which the **Insurer** could have settled such **Claim** plus **Defense Expenses** incurred as of the date such settlement was proposed in writing by the **Insurer** ("Settlement Opportunity Amount"); plus
2. Seventy percent (70%) of covered **Loss** in excess of such Settlement Opportunity Amount subject to the policy's Limit of Liability.

In no event shall the **Insurer** be liable under this policy for more than the Limit of Liability shown in Item 4. of the Common Policy Declarations Page.

B. Limit of Liability; Retention; Payment of Loss

1. Aggregate Limit of Liability

Regardless of **Coverage Sections** purchased, as stated in Item 3. of the Common Policy Declarations Page, the amount shown in Item 4. of the Common Policy Declarations Page is the maximum aggregate limit that the **Insurer** will pay for all **Loss** under all **Coverage Sections** combined, arising out of any and all **Claims** first made against the **Insured** during the **Policy Period** and the Extended Reporting Period (if purchased) and reported in accordance with the terms and conditions of this policy.

The **Insurer** will have no obligation to pay **Loss** or to defend or continue to defend any **Claim** after the aggregate Limit of Liability, stated in Item 4. of the Common Policy Declarations Page, has been exhausted by payment of **Loss**. **Defense Expenses** shall be part of and not in addition to the Limit of Liability and payment of **Defense Expenses** by the **Insurer** will reduce the Limit of Liability.

2. Separate Limit of Liability

Regardless of any Separate Limit(s) of Liability purchased, as stated in Item 3. of the Common Policy Declarations, the maximum limit of the **Insurer's** liability for all **Loss** for each applicable **Coverage Section** purchased shall not exceed the Separate Limit of Liability as stated in Item 2. of each applicable Declarations for each applicable **Coverage Section**. Where two or more Separate Limits of Liability are or could be applicable to one **Claim** or series of interrelated **Claims** deemed to be a single **Claim** pursuant to Section V.B.4. below, the larger of the applicable Separate Limits of Liability shall apply, but in no event shall more than one Separate Limit of Liability apply to any **Claim** or series of interrelated **Claims** and in no event shall the **Insurer** be obligated to pay **Loss** or to defend or continue to defend any **Claim** after the **Insurer** has paid the applicable Separate Limit of Liability or the Aggregate Limit of Liability per Section V.B.1. of these Common Policy Terms and Conditions.

3. As a condition precedent to coverage under this policy, the **Insured** shall pay with respect to each **Claim** the applicable Retention amount, as identified in Item 3. of the Declarations Page for each applicable

Coverage Section or as otherwise identified. The Retention amount shall be reduced solely by covered **Loss** and shall be applied to all **Loss**, including **Defense Expenses**, and the **Insurer** shall only be liable for the amount of **Loss** that is excess of the stated Retention amount.

4. All **Claims** based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related facts, circumstances, situations, transactions or events, or the same or related series of facts, circumstances, situations, transactions or events, shall be deemed to be a single **Claim** for all purposes under this policy, shall be subject to the Retention stated in Item 3. of the Declarations Page for each applicable **Coverage Section**, or other applicable Retention, and shall be deemed first made when the earliest of such **Claims** is first made, regardless of whether such date is before or during the **Policy Period**.
5. In the event that a **Claim** implicates more than one Retention amount, then the largest of the applicable Retention amounts shall be applied, but in no event shall more than one Retention amount be applied to a **Claim**.
6. Any Retention amount applicable to a **Claim** against an **Insured Person** shall apply where indemnification by the **Insured Organization** is permitted or required, regardless of whether the **Insured Organization** has agreed, failed or refused to indemnify such **Insured Person**, provided it shall not apply when indemnification cannot be made by the **Insured Organization** by reason of the **Insured Organization's** financial insolvency.
7. The **Insurer's** duty to defend the **Insured** and pay **Defense Expenses** ends upon exhaustion of the Limit of Liability, which includes paying or tendering the Limit of Liability into court.
8. Except for payment of **Defense Expenses**, the **Insurer** shall pay for **Loss** only upon final disposition of any **Claim**.

C. Notice of Claim or Circumstance

1. If, during the **Policy Period** or Extended Reporting Period (if applicable), any **Claim** is first made, it shall be a condition precedent to the **Insurer's** obligation to pay, that the **Insured** give written notice of such **Claim** to the **Insurer** as soon as practicable after such **Claim** is first made, but in no event shall such notice be given later than sixty (60) days after either the **Policy Period** expires or any earlier cancellation date of this policy.
2. If, during the **Policy Period** or Extended Reporting Period (if applicable), any **Insured** first becomes aware of any facts or circumstances which may reasonably be expected to give rise to a **Claim** against any **Insured** for any **Claim** made against the **Insured** for any **Wrongful Act** occurring prior to the end of the **Policy Period**, and as soon as practicable thereafter, but before the expiration date or any earlier cancellation date of this policy, gives to the **Insurer** written notice, of such facts or circumstances along with the full particulars described below, then any **Claim** subsequently made against any **Insured** arising out of such facts or circumstances will be deemed first made during the **Policy Period**. The written notice shall include, at a minimum:
 - a. The names or identity of the potential claimants and a detailed description of the specific alleged **Wrongful Act**; and
 - b. The circumstances by which the **Insured** first became aware of the specific alleged **Wrongful Act**.

Further, if any **Claim** first made after the **Policy Period** expires is nonetheless deemed to be made during the **Policy Period** pursuant to Section V.B.4., then it is a condition precedent to coverage for such **Claim** that the **Insured** report it to the **Insurer** as soon as practicable.

D. Cooperation

In the event of a **Claim** or notice of circumstances under SECTION V. - CONDITIONS, C. Notice of Claim or Circumstance of this policy, the **Insured** will provide the **Insurer** with all information, assistance and cooperation that the **Insurer** reasonably requests, and will take no action, without the **Insurer's** prior written consent, that might prejudice the **Insured's** or the **Insurer's** position, potential or actual rights, or defense under this policy.

E. Allocation

If both **Loss** covered under this policy and loss not covered under this policy are jointly incurred either because a **Claim** includes both covered and non-covered matters or covered and non-covered causes of action or because a **Claim** is made against both an **Insured** and any other parties not insured by this policy, then the **Insured** and the **Insurer** shall use their best efforts to fairly and reasonably allocate payment under

this policy between covered **Loss** and non-covered loss based on the relative legal exposures of the parties with respect to covered and non-covered matters or covered and non-covered causes of action.

If the **Insurer** and the **Insured** agree on an allocation of **Defense Expenses**, based on covered and non-covered matters or persons, the **Insurer** shall advance **Defense Expenses** allocated to covered **Loss**. If there is no agreement on an allocation of **Defense Expenses**, the **Insurer** shall advance **Defense Expenses** that the **Insurer** believes to be covered under this policy until a different allocation is negotiated, arbitrated, or judicially determined.

Any negotiated, arbitrated or judicially determined allocation of **Defense Expenses** on account of a **Claim** shall be applied retroactively to all **Defense Expenses** on account of such **Claim**, notwithstanding any prior advancement to the contrary. Any advancement or allocation of **Defense Expenses** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other loss on account of such **Claim**.

F. Cancellation; Renewal Provision

The **Insured Organization** may cancel this policy at any time by written notice or by surrender of this policy to the **Insurer** at its address shown on the Declarations Page.

This policy may only be cancelled by or on behalf of the **Insurer** in the event the **Insured Organization** fails to pay any premium when due. In the event of non-payment of premium by the **Insured Organization**, the **Insurer** may cancel this policy upon ten (10) days written notice. The **Insurer** will mail notice to the **Insured Organization's** address as shown in Item 1. of the Declarations Page. The mailing of such notice as aforesaid shall be sufficient proof of notice.

If the **Insured Organization** cancels this policy, the **Insurer** will retain the customary short rate proportion of the premium hereon.

The **Insurer** shall not be required to renew this policy upon its expiration. The offer by the **Insurer** of renewal terms, conditions, Limit of Liability and/or premiums varying from those of the expiring policy shall not constitute a refusal to renew.

If the **Insurer** decides not to renew this policy, the **Insurer** will mail or deliver to the **Insured Organization** written notice of non-renewal, stating the reasons for non-renewal, at least sixty (60) days prior to the expiration date of this policy.

Any notice of non-renewal will be mailed or delivered to the **Insured Organization's** last mailing address known to the **Insurer**. If notice is mailed, proof of mailing will be sufficient proof of notice.

G. Merger, Consolidation or Acquisition

1. If, after this policy's inception date, the **Insured Organization** creates or acquires a **Subsidiary** whose assets do not exceed twenty five percent (25%) of the total consolidated assets of the **Insured Organization**, not including the assets of the created or acquired **Subsidiary**, such **Subsidiary** shall be deemed to qualify as an **Insured Organization**, but solely for a **Wrongful Act** that takes place on or after the effective date of such creation or acquisition.
2. If, after this policy's inception date, the **Insured Organization** creates or acquires a **Subsidiary** whose assets exceed twenty five percent (25%) of the total consolidated assets of the **Insured Organization**, not including the assets of the created or acquired **Subsidiary**, such **Subsidiary** shall be deemed to qualify as an **Insured Organization**, but solely for a **Wrongful Act** that takes place within the first ninety (90) days after the date of such creation or acquisition. After this ninety (90) day period, the created or acquired **Subsidiary** shall no longer be deemed an **Insured Organization**, unless:
 - a. Written notice of the **Subsidiary's** creation or acquisition has been provided to the **Insurer** by the **Insured Organization**, as soon as practicable, and in no event later than ninety (90) days after the date of the creation or acquisition;
 - b. The **Insured Organization** has provided the **Insurer** with any additional information the **Insurer** may request;
 - c. The **Insured Organization** has agreed to the terms, conditions, exclusions and additional premium charge as may be required by the **Insurer**; and
 - d. The **Insurer**, at its sole discretion, has agreed in writing to extend the coverage of this policy to the created or acquired **Subsidiary**.

3. If during the Policy Period:

- a.** The **Insured Organization** shall consolidate with or merge into, or sell all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or
- b.** Any person or entity or group of persons or entities acting in concert shall acquire an amount of more than fifty percent (50%) of the voting power for the election of directors of the **Insured Organization**;
(either of the above events in 3. a. or b. are hereunder referred to as the "Transaction"),

then this policy shall continue in full force and effect for any **Wrongful Act** occurring prior to the effective time of the Transaction, but there shall be no coverage afforded by any provision of this policy for any actual or alleged **Wrongful Act** occurring after the effective time of the Transaction. This policy may not be cancelled after the effective time of the Transaction and the premium for this policy shall be deemed fully earned as of such time.

The **Insured Organization** shall give the **Insurer** written notice of the Transaction as soon as practicable, but not later than thirty (30) days after the effective date of the Transaction.

H. Representations

The **Insured** represents that the information, particulars, documents, representations and statements contained in the **Application** are complete, true and accurate; are deemed incorporated into and constituting part of this policy; are material to the acceptance of the risk assumed by the **Insurer** under this policy. This policy is issued in reliance upon the truth of such representations. No knowledge or information possessed by any **Insured** will be imputed to any other **Insured**. If any of the information, particulars, documents, representations and statements contained in the **Application** are untrue, this policy will be void with respect to any **Insured** who knew of such untruth.

I. No Action Against Insurer

No action may be taken against the **Insurer** unless, as a condition precedent thereto, there has been full compliance with all of the terms and conditions of this policy and until the amount of any **Insured's** obligation to pay **Loss** has been finally determined either by judgment against such **Insured** after adjudicatory proceedings, or by written agreement of the **Insured**, the claimant and the **Insurer**.

No **Insured** has any right under this policy to join the **Insurer** as a party to any **Claim** against an **Insured** to determine the liability of such **Insured**, nor shall the **Insurer** be impleaded by an **Insured** or his, her or its legal representative in any such **Claim**.

J. Subrogation

In the event the **Insurer** makes any payment under this Policy, the **Insurer** shall be subrogated to all of the rights of recovery of the **Insured**, who shall execute all papers and take all necessary actions to secure such rights, including the execution of any documents necessary to enable the **Insurer** to effectively bring suit in the name of an **Insured**.

K. Authorization and Notices

The **Insured Persons** agree that the **Insured Organization** shown in Item 1. of the Declarations Page acts on their behalf with respect to giving and receiving all notices and return of premium from the **Insurer**.

L. Changes

Notice to any agent or knowledge possessed by any agent or representations by persons acting on behalf of the **Insurer** do not effect a waiver or change in any part of this policy or estop the **Insurer** from asserting any right under the terms, conditions and limitations of this policy. The terms, conditions and limitations of this policy can only be waived or changed by written endorsement.

M. Assignment

Assignment of interest under this policy does not bind the **Insurer** without its prior written consent.

N. Acceptance

The **Insureds** agree that this policy, including the **Application** and any endorsements, constitutes the entire agreement between them and the **Insurer** relating to this insurance policy.

O. Headings

The description in the headings and sub-headings of this policy are solely for convenience, and form no part of the terms and conditions of coverage.

P. Governing Law Clause

This policy shall, to the extent permitted by applicable law, be construed in accordance with the laws of the state or jurisdiction of incorporation or organization of the **Insured Organization** shown in Item 1. of the Declarations Page or, in the case of matters pertaining to a **Subsidiary**, the laws of the state or jurisdiction of incorporation or organization thereof.

Q. Territory

This policy shall apply to **Claims** made against any **Insured** anywhere in the world.

R. Other Insurance

Unless specifically stated otherwise, the insurance provided under this policy shall apply only as excess over any other valid and collectible insurance, unless such other insurance is written as specific excess insurance over the Aggregate Limit of Liability or Shared Limit of Liability provided by this policy. Any coverage otherwise available under any **Coverage Section** shall be specifically excess over any other valid and collectible insurance pursuant to which any other insurer has a duty to defend a **Claim** for which this policy may be obligated to pay **Loss**.

In Witness Whereof, the **Insurer** has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized agent of the **Insurer**.



Secretary



President

This Endorsement Changes The Policy. Please Read It Carefully.

AFFILIATE COVERAGE

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

- A. SECTION III. – DEFINITIONS, **H. Insured Organization** in the Common Policy Terms and Conditions Coverage Section is deleted and replaced by the following:
- H. Insured Organization** means the organization named in Item 1. of the Declarations Page and any **Subsidiary** or **Affiliate** existing prior to or at the inception date of this policy and listed on the **Application** attached. In addition, subject to SECTION V. - CONDITIONS, G. Merger, Consolidation or Acquisition of this policy, **Insured Organization** shall mean any **Subsidiary** or **Affiliate** created or acquired after the inception date of this policy.
- B. SECTION III. – DEFINITIONS, of the Common Policy Terms and Conditions Coverage Section shall be amended to include the following:
- O. Affiliate** means any organization other than a **Subsidiary** which the **Insured Organization** or any **Subsidiary** controls or otherwise has the ability to direct the financial or managerial decisions of such organization, whether through operation of law, contract or agreement, stock ownership or membership, charter, articles of incorporation or by-law provisions.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

AMENDED DEFINITION OF LOSS – DEFENSE CLAIMS FOR ADA

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

A. SECTION III. – DEFINITIONS, E. of the Directors and Officers Liability Coverage Section is deleted and replaced by the following:

E. Loss means damages (including back pay and front pay), settlements, judgments (including pre- and post-judgment interest on a covered judgment) and **Defense Expenses**. **Loss** (other than **Defense Expenses**) shall not include:

1. Any amount for which the **Insureds** are not financially liable or for which there is not legal recourse to the **Insureds**;
2. Amounts owed under any employment contract, partnership, stock or other ownership agreement, or any other type of contract;
3. Disability, social security, workers compensation, medical insurance, retirement or pension benefit payments, or settlement amounts representing employment related benefit payments;
4. The cost of creating or reinstating employment;
5. Any amounts owed to any **Employee** as wages or compensation previously incurred or vested without regard to any **Claim**;
6. Civil criminal fines or penalties;
7. Taxes, whether owed to or by any **Insured**;
8. Any liability, or costs incurred, due to any **Insured's** obligation to modify any building or property in order to make such building or property more accessible or accommodating to any disabled person, or any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar;
9. Matters that may be uninsurable under the law pursuant to which this policy shall be construed.

The DEFINITION of **Loss** shall include punitive or exemplary damages and the multiplied portion of any multiplied damage award, if and where insurable. For purposes of determining whether punitive or exemplary damages, or the multiplied portion of any multiplied damage award arising from any **Claim** shall be insurable by law, the **Insurer** agrees to abide by the law of whichever jurisdiction is applicable to such **Claim** and is most favorable to the **Insured** in that regard.

B. SECTION III. – DEFINITIONS, G. of the Employment Practices Liability Coverage Section is deleted and replaced by the following:

G. Loss means damages (including back pay and front pay), settlements, judgments (including pre- and post-judgment interest on a covered judgment) and **Defense Expenses**. **Loss** (other than **Defense Expenses**) shall not include:

1. Any amount for which the **Insureds** are not financially liable or for which there is not legal recourse to the **Insureds**;
2. Amounts owed under any employment contract, partnership, stock or other ownership agreement, or any other type of contract;
3. Disability, social security, workers compensation, medical insurance, retirement or pension benefit payments, or settlement amounts representing employment related benefit payments;
4. The cost of creating or reinstating employment;

5. Any amounts owed to any **Employee** as wages or compensation previously incurred or vested without regard to any **Claim**;
6. Civil criminal fines or penalties;
7. Taxes, whether owed to or by any **Insured**;
8. Any liability, or costs incurred, due to any **Insured's** obligation to modify any building or property in order to make such building or property more accessible or accommodating to any disabled person, or any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar relating to an **Employment Practices Claim**;
9. Matters that may be uninsurable under the law pursuant to which this policy shall be construed.

The DEFINITION of **Loss** shall include punitive or exemplary damages and the multiplied portion of any multiplied damage award, if and where insurable. For purposes of determining whether punitive or exemplary damages, or the multiplied portion of any multiplied damage award arising from any **Claim** shall be insurable by law, the **Insurer** agrees to abide by the law of whichever jurisdiction is applicable to such **Claim** and is most favorable to the **Insured** in that regard.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

AMENDED NOTICE OF CLAIM OR CIRCUMSTANCE

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

SECTION V. - CONDITIONS, C.1. of the Common Policy Terms and Conditions Coverage Section is deleted and replaced by the following:

1. If, during the **Policy Period** or Extended Reporting Period (if applicable), any **Claim** is first made, it shall be a condition precedent to the **Insurer's** obligation to pay, that the **Insured** give written notice of such **Claim** to the **Insurer** as soon as practicable after such **Claim** is first made, but in no event shall such notice be given later than ninety (90) days after either the expiration date or any earlier cancellation date of this policy.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

AMENDED SETTLEMENT PROVISION

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

SECTION V. – CONDITIONS, A. Duty to Defend of the Common Policy Terms and Conditions Coverage Section is deleted and replaced by the following:

A. Duty to Defend

It shall be the right and the duty of the **Insurer** to defend any **Claim** against any **Insured** for which coverage applies under this policy, and the **Insurer** shall have the right to appoint counsel of its choosing. No **Insured** may incur any **Defense Expenses**, admit liability for or settle any **Claim** or negotiate any settlement without the **Insurer's** prior written consent; such consent not to be unreasonably withheld. Any **Defense Expenses** incurred or settlements made without the prior written consent of the **Insurer** will not be covered under this policy. The **Insurer** shall have the right to appoint counsel, investigate and conduct negotiations and, with the consent of the **Insured**, to enter into a settlement of any **Claim** that the **Insurer** deems appropriate. If the **Insured** refuses to consent to a settlement acceptable to the claimant in accordance with the **Insurer's** recommendations, the **Insurer's** liability for all **Loss** on account of such **Claim** shall not exceed:

1. The amount for which the **Insurer** could have settled such **Claim** plus **Defense Expenses** incurred as of the date such settlement was proposed in writing by the **Insurer** ("Settlement Opportunity Amount"); plus
2. Eighty percent (80%) of covered **Loss** in excess of such Settlement Opportunity Amount subject to the policy's Limit of Liability.

In no event shall the **Insurer** be liable under this policy for more than the Limit of Liability shown in Item 4. of the Common Policy Declarations Page.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

COVERAGE EXTENSION – FEDERAL IMMIGRATION & NATIONALITY ACT

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

The following is added to SECTION II. – COVERAGE EXTENSIONS, of the Directors and Officers Liability Coverage Section and the Employment Practices Liability Coverage Section:

The amount set forth in Item 4. of the Common Policy Declarations Page shall be the maximum aggregate Limit of Liability for all **Loss** under this policy. Subject to the foregoing, the amount of \$100,000 shall be the maximum aggregate Limit of Liability of the **Insurer** for **Loss** under this policy in connection with any **Claim** made against any **Insured** based upon, arising out of, or attributable to any actual or alleged violation of the Federal Immigration & Nationality Act, 8 U.S.C. Section 1101, et seq., as amended, including insurable fines or penalties under Section 1324a of that act (“FINA Claim”). This sublimit shall be one sublimit only, regardless of the number of Coverage Sections purchased by any or all **Insureds**, and shall be part of and not in addition to the amount set forth in Item 4. of the Common Policy Declarations Page.

A Retention in the amount of \$150,000 shall apply to any **Loss** arising from a FINA **Claim**. Such Retention shall be borne by the **Insured**, and the **Insurer** shall only be liable for the amount of **Loss** in excess of the above stated Retention amount.

Notwithstanding anything contained in this endorsement to the contrary, however, solely where coverage for any **Claim** is triggered as “Side A”, or non-indemnifiable or non-indemnified **Loss** in keeping with Policy terms and conditions, the Retention normally applicable in such situations shall apply to such **Claim**, and the Retention stated here shall not apply.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

COVERAGE EXTENSION – HEALTHCARE ORGANIZATION

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

- A. SECTION III. - DEFINITIONS **D. Insured Person** in the Directors and Officers Liability Coverage Section and **F. Insured Person** in the Employment Practices Liability Coverage Section is amended to include the following:

Insured Person shall include any past, present or future member of any duly constituted committee (“Committee Member”), any individual person engaged by a duly constituted committee for purposes of providing an expert opinion with regard to peer review or credentialing decision concerning an individual physician (“Outside Expert”), any individual in charge of any operational department (“Department Head”) or any staff physician or faculty member of the **Insured Organization**, regardless of whether they are considered as an **Employee** of the **Insured Organization** or an independent contractor.

- B. SECTION III. - DEFINITIONS **E. Loss** in the Directors and Officers Liability Coverage Section and **G. Loss** in the Employment Practices Liability Coverage Section is amended to include the following:

1. IRS Fines

Loss shall include **Defense Expenses** incurred in connection with a **Claim** seeking an assessment of taxes, initial taxes, additional taxes, tax deficiencies, excise taxes or penalties pursuant to the following sections of the Internal Revenue Code of 1986 (as amended):

Section 4911 (tax on excess expenditures to influence legislation);

Section 4940 (a) (tax on net investment income of tax-exempt foundations);

Section 4941 (taxes on self-dealing);

Section 4942 (taxes on failure to distribute income);

Section 4943 (taxes on excess business holding);

Section 4944 (taxes on investments which jeopardize charitable purpose);

Section 4945 (taxes on taxable expenditures);

Section 6652 (c) (1) (A) and (B) (penalties for failure to file certain information returns or registration statements);

Section 6655 (a) (1) (penalties for failure to pay estimated income tax); and

Section 6656 (a) and (b) (penalties for failure to make deposit of taxes).

2. Excess Benefit Penalty Coverage

Loss shall include the ten percent (10%) “Excess Benefit” penalty which might be assessed by the Internal Revenue Service against any individual **Insured Person** for management involvement in the award of an “Excess Benefit”.

No coverage shall be provided by this policy for any individual **Insured Person** subject to the twenty five percent (25%) “Excess Benefit” penalty assessed by the Internal Revenue Service against any such **Insured Person** as a “disqualified person”; provided, however, that **Defense Expense** incurred in connection with the twenty five percent (25%) “Excess Benefit” penalty shall be provided to such **Insured Person**.

Under no circumstances shall the **Insurer** be liable for the payment of **Loss** attributable to any two hundred percent (200%) penalty assessed by the Internal Revenue Service for failure to correct the award of an “Excess Benefit.”

For purposes of this endorsement, the terms “Excess Benefit” and “disqualified person” shall be defined in the “Taxpayer Bill of Rights 2”, (H.R. 2337, P.L. 104–168).

3. **EMTALA Coverage**

Loss shall include the fines, penalties and **Defense Expenses** resulting from any **Claim** arising out of or in connection with an actual or alleged violation of the Emergency Medical Treatment and Active Labor Act (“EMTALA”), 42 U.S.C., 1396dd et seq., and any similar state or local statute.

4. **Government Funding Defense Expense Coverage**

Loss shall not include the return of funds which were received from any federal, state or local governmental agency; provided, however, that with respect to any **Claim** arising out of, in whole or in part, the return or request to return, such funds (“**Government Funding Claim**”), regardless of whether such **Government Funding Claim** is asserted in conjunction with other types of **Claims**, there shall apply a Retention amount of \$1,000,000 and the **Insurer** shall pay **Defense Expenses**, up to a maximum aggregate of \$1,000,000 incurred by the **Insured** on a fifty percent (50%) coinsurance basis, with fifty percent (50%) of such **Defense Expenses** to be borne by the **Insured** and to remain uninsured; and the remaining fifty percent (50%) of such **Defense Expenses** to be covered by the **Insurer** subject to all other terms, conditions and exclusions of this policy. The Retention applicable per this endorsement shall take precedence over any other retention referenced in the Policy where a **Government Funding Claim** is asserted against any **Insured**, and the \$1,000,000 co-insured sublimit of liability referenced in this endorsement shall be one sublimit only, regardless of the number of Coverage Sections purchased by any or all **Insureds**, and shall be part of and not in addition to the Policy’s maximum aggregate Limit of Liability.

Notwithstanding anything contained in this endorsement to the contrary, however, solely where coverage for any **Claim** is triggered as “Side A”, or non-indemnifiable or non-indemnified **Loss** in keeping with Policy terms and conditions, the Retention normally applicable in such situations shall apply to such **Claim**, and the Retention stated here shall not apply.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

COVERAGE EXTENSION - HIPAA

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

SECTION III. – DEFINITIONS, **E. Loss** of the Directors and Officers Liability Coverage Section and **G. Loss** of the Employment Practices Liability Coverage Section shall be amended by adding the following:

Notwithstanding anything in this DEFINITION to the contrary, **Loss** shall include any civil money penalties imposed upon an **Insured** for violation of Title II of the Health Insurance Portability and Accountability Act ("HIPAA"), amendments to such law or regulations promulgated under such law concerning privacy of health information; provided the **Insurers** maximum aggregate Limit of Liability for all such civil money penalties on account of all **Claims** first made during the **Policy Period** shall be \$50,000. This sublimit shall be one sublimit only, regardless of the number of Coverage Sections purchased by any or all **Insureds**, and shall be part of and not in addition to the amount set forth in Item 4. of the Common Policy Declarations Page.

A Retention in the amount of \$25,000 shall apply to any **Loss** arising from a **Claim** alleging violation of HIPAA. Such retention shall be borne by the **Insured**, and the **Insurer** shall only be liable for the amount of **Loss** arising from a HIPAA **Claim** which is in excess of the above stated retention amount.

Notwithstanding anything contained in this endorsement to the contrary, however, solely where coverage for any **Claim** is triggered as "Side A", or non-indemnifiable or non-indemnified **Loss** in keeping with Policy terms and conditions, the Retention normally applicable in such situations shall apply to such **Claim**, and the Retention stated here shall not apply.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

DELETE BIPA AND CYBER EXCLUSIONS

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

SECTION IV. – EXCLUSIONS, 4. and 5. of the Common Policy Terms and Conditions Coverage Section are deleted in their entirety.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

EXTRADITION COVERAGE

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

- A. SECTION III. – DEFINITIONS, of the Common Policy Terms and Conditions Coverage Section is amended to include the following:

Extradition means any formal process by which an **Insured Person** located in any country is surrendered to any other country for trial or otherwise to answer any criminal accusation.

- B. SECTION III. – DEFINITIONS, **B. Claim**, of the Common Policy Terms and Conditions Coverage Section is amended to include the following:

Claim also means any official request for **Extradition** of any **Insured Person**, return of an indictment (in the case of a criminal proceeding), or receipt or filing of a notice of charges.

- C. SECTION III. – DEFINITIONS, **D. Defense Expenses**, of the Common Policy Terms and Conditions Coverage Section is amended to include the following:

Defense Expenses also means reasonable and necessary fees, costs and expenses incurred through legal counsel and consented to by the **Insurer** resulting from an **Insured Person** lawfully:

- a. Opposing, challenging, resisting or defending against any request for or any effort to obtain the **Extradition** of that **Insured Person**; or
- b. Appealing any order or other grant of **Extradition** of that **Insured Person**.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

FULLY NON-RESCINDABLE COVERAGE

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

The following is added to the Common Policy Terms and Conditions Coverage Section:

Notwithstanding anything contained in this policy to the contrary, the coverage provided under this policy shall be non-rescindable by the **Insurer**.

All other terms and conditions of this policy remain unchanged.

Policy No.: NPP711043 **Effective:** 7/22/2024

This Endorsement Changes The Policy. Please Read It Carefully.

TELECOMMUNICATIONS CLAIMS COVERAGE

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

SECTION IV. – EXCLUSIONS, 3. in the Common Policy Terms and Conditions Coverage Section is deleted in its entirety.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

THREE (3) YEAR AGGREGATE REINSTATEMENT (ANNUAL INSTALLMENT WITH CLAIMS PROVISION)

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

- A. ITEM 2. POLICY PERIOD, of the Common Policy Declarations Page is deleted in its entirety and replaced by the following:

| | | |
|------------|-------------------------|-----------------------|
| YEAR ONE | From: <u>07/22/2024</u> | To: <u>07/22/2025</u> |
| YEAR TWO | From: <u>07/22/2025</u> | To: <u>07/22/2026</u> |
| YEAR THREE | From: <u>07/22/2026</u> | To: <u>07/22/2027</u> |

(All dates are calculated from 12:01 AM Standard Time at the Insured's address as stated in Item 1. of the Declarations Page)

- B. ITEM 4. LIMIT OF LIABILITY, of the Common Policy Declarations Page is deleted in its entirety and replaced by the following:

| | | |
|------------|---------------------|---|
| YEAR ONE | \$ <u>4,000,000</u> | Aggregate Limit of Liability for All Coverage Sections |
| YEAR TWO | \$ <u>4,000,000</u> | Aggregate Limit of Liability for All Coverage Sections |
| YEAR THREE | \$ <u>4,000,000</u> | Aggregate Limit of Liability for All Coverage Sections |

A new Limit of Liability shall be available for each **Policy Period** set forth above. However, all **Claims** based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related facts, circumstances, situations, transactions or events, or the same or related series of facts, circumstances, situations, transactions or events, shall be deemed to be a single **Claim** and thus subject to a single Limit of Liability regardless of the **Policy Period** in which the **Claims** occurred.

- C. ITEM 5. PREMIUM, of the Common Policy Declarations Page is deleted in its entirety and replaced by the following:

INSTALLMENT DATES:

| | | |
|------------|---------------------|------------------------|
| YEAR ONE | \$ <u>53,780.00</u> | DUE: <u>07/22/2024</u> |
| YEAR TWO | \$ <u>53,780.00</u> | DUE: <u>07/22/2025</u> |
| YEAR THREE | \$ <u>53,780.00</u> | DUE: <u>07/22/2026</u> |

- D. SECTION V. - CONDITIONS, item F. Cancellation; Renewal Provision of the Common Policy Terms and Conditions Coverage Section is deleted in its entirety and replaced by the following:

This policy shall not be cancelled by the **Insured** and all premium shall become fully earned and non-refundable at the policy inception date. This policy shall not be cancelled by the **Insurer**, except for failure of the **Insured** to pay a premium when due, in which case 10 days notice will be given by the **Insurer**.

The premium will not be subject to re-rating during the three year **Policy Period** unless one of the following events occur:

1. Notice of a **Claim** is reported to the **Insurer**; or
2. Notice of circumstances that may give rise to a **Claim** is reported to the **Insurer**.

In such case, the **Insurer** may require an additional premium at the policy annual installment date. Failure of the **Insured** to pay such additional premium when due shall result in cancellation of the policy effective on the annual installment date.

This Endorsement Changes The Policy. Please Read It Carefully.

THREE (3) YEAR BILATERAL EXTENDED REPORTING PERIOD

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

SECTION II. – COVERAGE EXTENSIONS, B. Extended Reporting Period of the Common Policy Terms and Conditions Coverage Section is deleted and replaced with the following:

If the **Insurer** shall refuse to renew this policy or the **Insured Organization** shall cancel or refuse to renew this policy, the **Insured Organization** shall have the right, upon payment of seventy five percent (75%) of the Full Annual Premium, to a period of three hundred and sixty five (365) days following the effective date of such cancellation or non-renewal (herein referred to as the “Extended Reporting Period”) in which to give written notice to the **Insurer** of any **Claim** first made against the **Insured** during said three hundred and sixty five (365) day period for any **Wrongful Act** occurring prior to the end of the **Policy Period** and otherwise covered by this policy. As used herein, “Full Annual Premium” means the premium stated in Item 5. of the Common Policy Declarations Page and any additional premium(s) charged during the **Policy Period**.

Alternatively, the **Insured Organization** shall have the right to elect an Extended Reporting Period greater than the three hundred and sixty five (365) Days referenced above. The following alternative Extended Reporting Period options are as follows:

| <u>Extended Reporting Period</u> | <u>Additional Premium</u> |
|----------------------------------|------------------------------------|
| 2 Years | <u>125%</u> of Full Annual Premium |
| 3 Years | <u>150%</u> of Full Annual Premium |

The rights contained in this clause shall terminate unless written notice of such election together with the additional premium due is received by the **Insurer** at the address shown on the Declarations Page within thirty (30) days of the effective date of cancellation or non-renewal.

The Extended Reporting Period is not cancelable and the additional premium charged shall be fully earned at the inception of the Extended Reporting Period. The Limit of Liability available under the Extended Reporting Period is part of and not in addition to the Limit of Liability stated in Item 4. of the Declarations Page.

The rights contained in this clause shall not apply in the event of cancellation resulting from non-payment of premium.

All other terms and conditions of this policy remain unchanged.

DIRECTORS AND OFFICERS LIABILITY COVERAGE SECTION (NON-PROFIT) PLEASE READ YOUR POLICY CAREFULLY

Words and phrases that appear in **bold** text have special meaning. Refer to SECTION III. – DEFINITIONS in this Coverage Section or the Common Policy Terms and Conditions.

If purchased, as indicated in Item 3. of the Common Policy Declarations Page, and in consideration of the payment of premium, and in reliance upon all statements made to the **Insurer** in the **Application**, and subject to the terms, conditions, definitions, exclusions and limitations provided hereinafter or in the Common Policy Terms and Conditions, the **Insurer** agrees:

SECTION I. - INSURING AGREEMENTS

Directors and Officers Liability

- A. With the **Insured Person**, that if a **Claim** for a **Wrongful Act** is first made against any **Insured Person** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy, the **Insurer** will pay on behalf of such **Insured Person** all **Loss** such **Insured Person** is legally obligated to pay, except and to the extent that the **Insured Organization** is required or permitted to indemnify such **Insured Person** for such **Loss**.
- B. With the **Insured Organization**, that if a **Claim** for a **Wrongful Act** is first made against any **Insured Person** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy, the **Insurer** will pay on behalf of the **Insured Organization** all **Loss** for which the **Insured Organization** is required or permitted to indemnify the **Insured Person**.
- C. With the **Insured Organization**, that if a **Claim** for a **Wrongful Act** is first made against the **Insured Organization** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy, the **Insurer** will pay on behalf of the **Insured Organization** all **Loss** the **Insured Organization** is legally obligated to pay.

Notwithstanding anything contained in this policy to the contrary, the coverage provided under SECTION I. INSURING AGREEMENTS A. and B. shall be non-rescindable by the **Insurer**.

SECTION II. – COVERAGE EXTENSIONS

A. Outside Board Extension

This policy shall cover **Loss** arising from an **Insured Person** having served, at the direction of and with the consent of the **Insured Organization**, as Director, Officer, or Trustee for any eleemosynary corporation or other not for profit organization where such **Insured Person** is entitled to indemnification by the **Insured Organization**.

This COVERAGE EXTENSION shall be excess of any indemnification and/or insurance that may be permitted or provided by such eleemosynary corporation or organization, regardless of payment made by or on behalf of such eleemosynary corporation or organization, including but not limited to any other Director and Officer Liability Insurance or similar insurance provided for, to, or by any such eleemosynary corporation or organization.

B. Additional Side-A Limit of Liability

If a limit is shown in Item 2.B of the Directors and Officers Liability Declarations, then there shall be an addition to the maximum aggregate Limit of Liability available under this Directors and Officers Coverage Section. This amount shall be in addition to the Limit of Liability as set forth in Item 2.A. of the Directors and Officers Liability Declarations Page and shall be available solely for **Loss** resulting from a **Claim** against any **Insured Persons** covered under SECTION I. INSURING AGREEMENT A. of this coverage section, and shall be subject to the following additional conditions:

- (1) Any **Loss** resulting from a **Claim** against any **Insured Persons** covered under SECTION I. INSURING AGREEMENT A. of this Directors and Officers Coverage Section shall first be paid under the Limit of Liability as set forth in Item 2.A. of the Directors and Officers Liability Declarations Page, and such Limit of Liability must be completely exhausted by payment of **Loss** under SECTION I. INSURING

AGREEMENTS A., B., and/or C. of this Directors and Officers Coverage Section before **Loss** shall be paid under the additional Limit of Liability dedicated for **Insured Persons**: and

- (2) The additional Limit of Liability dedicated for **Insured Persons** shall be excess of any insurance available that is specifically excess of this policy and such excess insurance must be completely exhausted by payment of **Loss** thereunder before the **Insurer** shall have any obligation to make any payment on account of the additional Limit of Liability dedicated for **Insured Persons**.

SECTION III. - DEFINITIONS

A. Claim, either in the singular or the plural, means:

1. A written demand for monetary or non-monetary relief;
2. A civil, criminal, administrative, regulatory or arbitration proceeding, or arbitration demand for monetary or non-monetary relief which is commenced by:
 - a. Receipt or service of a complaint or similar pleading;
 - b. Return of an indictment or filing of information; or
 - c. Receipt of a notice of charges;
3. A written request to an **Insured** to toll or waive a statute of limitations regarding a potential **Claim**, commenced by the receipt of such request by the **Insured**.

B. Employee means any past, present or future employee of the **Insured Organization**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any full-time, part-time, seasonal, and temporary employee or volunteers of the **Insured Organization**. An individual who is leased or contracted to the **Insured Organization** shall also be an **Employee**, but only if the **Insured Organization** provides indemnification to such leased or contracted individual in the same manner as is provided to the **Insured Organization's** employees.

C. Insured means any **Insured Organization** and/or any **Insured Person**.

D. Insured Person means:

1. Any past, present or future director, officer, trustee, **Employee**, advisory board member or any committee member of a duly constituted committee of the **Insured Organization**; or
2. In the event the **Insured Organization** or a **Subsidiary** thereof operates outside the United States, then the term **Insured Person** also means those titles, positions or capacities for such foreign **Insured Organization** or **Subsidiary** that are equivalent to the positions of directors or officers in the United States.

E. Loss means damages, settlements, judgments (including pre- and post-judgment interest on a covered judgment) and **Defense Expenses**. **Loss** (other than **Defense Expenses**) shall not include:

1. Any amount for which the **Insureds** are not financially liable or for which there is not legal recourse to the **Insureds**;
2. Amounts owed under any contract, partnership, stock or other ownership agreement, or any other type of contract;
3. Disability, social security, workers compensation, medical insurance, retirement or pension benefit payments, or settlement amounts representing employment related benefit payments;
4. The cost of creating or reinstating employment;
5. Any amounts owed to any **Employee** as wages, compensation, severance or benefits previously incurred or vested without regard to any **Claim**;
6. Civil or criminal fines or penalties;
7. Taxes, whether owed to or by any **Insured**;
8. Amounts, including **Defense Expenses**, arising out of, based upon or attributable to actual or alleged liability or costs incurred by any **Insured** to modify any building or property in order to make such building or property more accessible or accommodating to any disabled person;
9. Matters that may be uninsurable under the law pursuant to which this policy shall be construed.

The DEFINITION of **Loss** shall include punitive or exemplary damages and the multiplied portion of any multiplied damage award, if and where insurable. For purposes of determining whether punitive or exemplary damages, or the multiplied portion of any multiplied damage award arising from any **Claim** shall be insurable

by law, the **Insurer** agrees to abide by the law of whichever jurisdiction is applicable to such **Claim** and is most favorable to the **Insured** in that regard.

F. Personal Injury Wrongful Act shall mean any actual or alleged:

1. False arrest, wrongful detention or imprisonment, or malicious prosecution;
2. Libel, slander, defamation of character or invasion of privacy;
3. Wrongful entry, eviction or other invasion of the right of occupancy;
4. Infringement of copyright or trademark or other unauthorized use of title; or
5. Plagiarism or misappropriation of ideas.

However, **Personal Injury Wrongful Act** shall not include:

- a. Publication or utterance concerning any organization or business enterprise or its products or services made by or at the direction of an **Insured** with knowledge of the falsity thereof; or
- b. The printing of periodicals, advertising matter, or any or all jobs taken by any **Insured** to be printed for a third party when the periodical, advertising matter or other printing is not a regular part of the **Insured's** own activities.

G. Wrongful Act means any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty, or **Personal Injury Wrongful Act**, by:

1. An **Insured Person** while acting in his or her capacity as such and on behalf of the **Insured Organization** or any matter claimed against them solely by reason of their status as an **Insured Person**; or
2. The **Insured Organization**.

SECTION IV. - EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured**:

1. Based upon, arising out of or attributable to the gaining by any **Insured** of any profit or advantage to which such **Insured** was not legally entitled; provided, this EXCLUSION shall not apply unless a judgment or other final adjudication adverse to such **Insured** establishes that the **Insured** gained such profit or advantage;
2. Based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any criminal or deliberate fraudulent act; provided, this EXCLUSION shall not apply unless a judgment or other final adjudication adverse to any **Insured** in the **Claim** shall establish that such **Insured** committed such criminal or fraudulent act;
3. Alleging, arising out of, based upon or attributable to, in whole or in part, any liability under or pursuant to any contract or agreement, whether oral, written, express or implied, including the liability of others assumed by an **Insured**, unless such **Insured** would have been liable in the absence of such contract or agreement;
4. Alleging, arising out of, based upon or attributable to, in whole or in part, any litigation involving any **Insured** that was commenced or initiated prior to, or was pending on or before the date referenced in Item 4. of the Directors and Officers Liability Declarations Page, or arising out of or based upon, in whole or in part, any facts or circumstances underlying or alleged in any such prior or pending litigation;
5. Alleging, arising out of, based upon or attributable to any workers' compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law;
6. For actual or alleged bodily injury, sickness, disease or death of any person, mental anguish or emotional distress; damage to or destruction of any tangible property, including loss of use thereof, whether or not such property is physically damaged;
7. Alleging, arising out of, based upon or attributable to, in whole or in part, the performance or rendering of or failure to perform professional services, where such services are undertaken for others for a fee;
8. For violation of any of the responsibilities, obligations or duties imposed by: The Fair Labor Standards Act (except the Equal Pay Act) or any state or local statutory or common law, regulation or ordinance that governs payment or administration of wages, hours worked, or employee entitlements; the Employee Retirement Income Security Act of 1974; the National Labor Relations Act; the Worker Adjustment and Retraining Notification Act; the Consolidated Omnibus Budget Reconciliation Act; the Occupational Safety and Health Act; any rules or regulations of any of the foregoing promulgated thereunder and amendments thereto; or any similar provisions of any federal, state or local statutory or common law that govern the same subject matter governed by the laws

referenced in this section even if particular laws have some additional or different provisions; provided, this EXCLUSION shall not apply to **Loss** arising from a **Claim** for employment related retaliation;

9. Brought by or on behalf of any **Insured**, except:
 - a. A derivative action brought by or made on behalf of, or in the name or right of, the **Insured Organization**, if such action is brought and maintained independently of, and without assistance, participation or intervention of any **Insured**;
 - b. Any **Claim** brought by the examiner, trustee, receiver, liquidator or rehabilitator (or any assignee thereof) of such **Insured Organization**, in or after any bankruptcy proceeding by or against an **Insured Organization**;
 - c. Any **Claim** brought by any past director, officer, trustee, manager or equivalent executives of the **Insured Organization** who have not served as a director, officer, trustee, manager or equivalent executive for at least three (3) years prior to the date such **Claim** is first made, but only if the **Claim** is brought and maintained totally independent of and without the solicitation, assistance, active participation or intervention of the **Insured Organization** or any **Insured Person** not described in this paragraph 9.c.; or
 - d. Any instigation of or involvement in any **Claim**, or solicitation, assistance, active participation or intervention by any **Insured** whistleblower under Section 806 of the Sarbanes-Oxley Act of 2002 or any rule or regulation promulgated thereunder, or under any similar whistleblower statute, rule or regulation under any other federal or state law.
10. For the actual, alleged or threatened discharge, dispersal, release or escape of pollutants or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to **Claims** alleging damage to the **Insured Organization**;

Pollutant includes (but is not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, whether live or inanimate, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to be recycled, reconditioned or reclaimed;
11. Alleging, arising out of, based upon or attributable to, in whole or in part, any **Employment Practices Wrongful Act**.
12. Alleging, arising out of, based upon or attributable to, in whole or in part, any **Third Party Discrimination** and/or **Third Party Harassment**.
13. Alleging, arising out of, based upon or attributable to, in whole or in part, any **Fiduciary Wrongful Act**.

The **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured** for the purpose of determining the applicability of the EXCLUSIONS set forth in SECTION IV.

SECTION V. - CONDITIONS

A. Bankruptcy and Priority of Payments

The bankruptcy or insolvency of the **Insured Organization** or any **Subsidiary** shall not relieve the **Insurer** of any of its obligations hereunder. The coverage provided by this policy, however, is intended primarily to protect and benefit the **Insured Persons**.

With respect to the payment of the policy proceeds, it is agreed that covered **Loss** due under this policy shall be paid by the **Insurer** in the following order of priority:

1. First pay such **Loss** for which coverage is provided under INSURING AGREEMENT A. of this policy;
2. With respect to any remaining amount of the Limit of Liability still available after payment of such **Loss**, pay **Loss** for which coverage is provided under INSURING AGREEMENT B. of this policy; and
3. With respect to any remaining amount of the Limit of Liability still available after payment of such **Loss**, pay **Loss** for which coverage is provided under INSURING AGREEMENT C. of this policy.

The **Insured Organization** or its representatives and the **Insurer** shall use their best efforts to agree upon the priority of payment of all **Loss** under this policy. If no agreement is reached regarding the priority of payments, then the **Insurer** and **Insured Organization** will submit the issue of such priority, and only that issue, to binding arbitration.

In Witness Whereof, the **Insurer** has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized agent of the **Insurer**.



Secretary



President

This Endorsement Changes The Policy. Please Read It Carefully.

EXCLUSION – MALPRACTICE MODIFIED

This endorsement modifies insurance provided under the following:

**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY
PRIVATE COMPANY MANAGEMENT LIABILITY POLICY**

The following is added to SECTION IV. – EXCLUSIONS, of the Directors and Officers Liability Coverage Section:

The **Insurer** shall not be liable to make any payment for **Loss** arising out of or in connection with any **Claim** made against any **Insured** alleging, arising out of, based upon or attributable to any medical or professional malpractice, including but not limited to the rendering or failure to render any medical service; provided, this EXCLUSION shall not be applicable to:

1. Allegations against any **Insured** involving the failure to properly protect, supervise or manage with respect to the provision of medical services; and
2. **Insured's** not acting in the capacity of medical professionals.

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

EXCLUSION – POLLUTION (MODIFIED NON-INDEMNIFIABLE CLAIMS CARVE BACK)

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

SECTION IV. – EXCLUSIONS, 10. of the Directors and Officers Liability Coverage Section is deleted and replaced by the following:

10. For the actual, alleged or threatened discharge, dispersal, release or escape of pollutants or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to **Claims** alleging damage to the **Insured Organization**; provided, this EXCLUSION shall not apply to any **Claim** under SECTION I. - INSURING AGREEMENT A. of this policy.

Pollutant includes (but is not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, whether live or inanimate, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to be recycled, reconditioned or reclaimed;

All other terms and conditions of this policy remain unchanged.

This Endorsement Changes The Policy. Please Read It Carefully.

INVESTIGATIVE COSTS COVERAGE

This endorsement modifies insurance provided under the following:

NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY POLICY

- A. The following is added to SECTION II. - COVERAGE EXTENSIONS, of the Directors and Officers Liability Coverage Section shall be amended to include the following:

Investigative Costs Coverage

This policy shall cover **Loss** arising from all **Investigative Costs** which the **Insured Organization** shall become legally obligated to pay as a result of a **Derivative Demand** first made during the **Policy Period** or Extended Reporting Period, if applicable, against the **Insured Organization** for a **Wrongful Act** of an **Insured Person**.

- B. SECTION III. – DEFINITIONS, of the Directors and Officers Liability Coverage Section is amended by adding the following with respect to coverage provided by this endorsement:

1. **Investigative Costs** means reasonable costs, charges, fees (including attorneys' and experts' fees) and expenses incurred by the **Insured Organization**, its board of directors or any committee thereof in connection with the investigation or evaluation of any **Derivative Demand**; provided, however, that **Investigative Costs** shall not include salaries, wages, benefits, expenses or fees of any director, officer or **Employee** of the **Insured Organization**.
2. **Derivative Demand** means any written demand by one or more interest holders of the **Insured Organization** made upon the board of directors of the **Insured Organization** to bring a proceeding in a court of law against any **Insured Person** for a **Wrongful Act**.

- C. The amount set forth in Item 4. of the Common Policy Declarations Page shall be the maximum aggregate Limit of Liability for all **Loss** under this policy. Subject to the foregoing, the amount of \$250,000 shall be the maximum aggregate Limit of Liability of the **Insurer** for all **Investigative Costs**. This sublimit shall be part of and not in addition to the amount set forth in Item 2.A. of the Directors and Officers Liability Declarations Page.

No Retention shall apply to **Investigative Costs** covered under this policy. This provision shall not affect the applicability of the Retention amounts stated in Item 3. of the Directors and Officers Liability Declarations Page to all other covered **Loss** under this policy.

All other terms and conditions of this policy remain unchanged.

EMPLOYMENT PRACTICES LIABILITY COVERAGE SECTION (NON-PROFIT) PLEASE READ YOUR POLICY CAREFULLY

Words and phrases that appear in **bold** text have special meaning. Refer to SECTION III. – DEFINITIONS in this Coverage Section or the Common Policy Terms and Conditions.

If purchased, as indicated in Item 3. of the Common Policy Declarations Page, and in consideration of the payment of premium and in reliance upon all statements made to the **Insurer** in the **Application**, and subject to the terms, conditions, definitions, exclusions and limitations provided hereinafter or in the Common Policy Terms and Conditions, the **Insurer** agrees:

SECTION I. - INSURING AGREEMENTS

A. Employment Practices Liability

The **Insurer** shall pay **Loss** up to the Limit of Liability applicable to this **Coverage Section** on behalf of the **Insured** in connection with any **Employment Practices Claim** first made against any **Insured** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy.

B. Third Party Liability Coverage

The **Insurer** shall pay for **Loss** up to the Limit of Liability applicable to this **Coverage Section** arising out of or in connection with any **Claim** for **Third Party Discrimination** and/or **Third Party Harassment** first made against any **Insured** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy.

SECTION II. – COVERAGE EXTENSIONS

Workplace Violence Expenses Sublimit

If a sublimit is shown in Item 2.B. of the Employment Practices Liability Declarations Page, the **Insurer** shall provide coverage for **Workplace Violence Expense** the **Insured Organization** incurs resulting directly from any **Workplace Violence**. This sublimit shall be part of and not in addition to the Limit of Liability set forth in Item 2.A. of the Employment Practices Liability Declarations Page.

No Retention shall apply to the **Workplace Violence Expense** Coverage.

SECTION III. - DEFINITIONS

A. Claim, for purposes of this **Coverage Section** shall be an **Employment Practices Claim**, which means:

A written demand for monetary or non-monetary relief solely where alleging an **Employment Practices Wrongful Act**, including:

1. A civil, criminal, administrative, regulatory or arbitration proceeding or arbitration demand for monetary or non-monetary relief which is commenced by:
 - a. Receipt or service of a complaint or similar pleading;
 - b. Return of an indictment or filing of information; or
 - c. Receipt of a notice of charges;
2. A written request to an **Insured** to toll or waive a statute of limitations regarding a potential **Claim**, commenced by the receipt of such request by the **Insured**;
3. An administrative or regulatory investigation when conducted by the Equal Employment Opportunity Commission (“EEOC”) or equivalent state, local or foreign agency, which is commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to the **Insured**.

Provided, such **Employment Practices Claim** shall not include any internal or external labor or grievance proceeding which is pursuant to a collective bargaining agreement.

B. Employee means any past, present or future employee of the **Insured Organization**, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any full-time, part-time, seasonal, and temporary employee or volunteers of the **Insured Organization**. An individual who is leased or contracted to the **Insured Organization** shall also be an **Employee**, but only if the **Insured Organization** provides indemnification to such leased or contracted individual in the same manner as is provided to the **Insured Organization's** employees.

C. Employment Practices Claim means any **Claim** for an **Employment Practices Wrongful Act**.

D. Employment Practices Wrongful Act means any actual or alleged:

1. Wrongful dismissal, discharge or termination (either actual or constructive) of employment, including breach of an implied employment contract;
2. Employment related harassment (including but not limited to sexual harassment);
3. Employment related discrimination (including but not limited to discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy or disability);
4. Employment-related retaliation;
5. Employment-related misrepresentation to an **Employee** or applicant for employment with the **Insured Organization**;
6. Employment-related libel, slander, humiliation, defamation and/or invasion of privacy;
7. Wrongful failure to employ or promote;
8. Wrongful deprivation of career opportunity, wrongful demotion or negligent **Employee** evaluation, including the giving of defamatory statements in connection with an **Employee** reference;
9. Employment related wrongful discipline;
10. Failure to grant tenure or practice privileges;
11. Failure to provide or enforce adequate or consistent organization policies or procedures relating to employment performance;
12. Violations of the following federal laws (as amended) including all regulations promulgated thereunder:
 - a. Family and Medical Leave Act of 1993;
 - b. Americans with Disabilities Act of 1992 (ADA);
 - c. Civil Rights Act of 1991;
 - d. Age Discrimination in Employment Act of 1967 (ADEA), including the Older Workers Benefit Protection Act of 1990; or
 - e. Title VII of the Civil Rights Law of 1964 (as amended) and 42 U.S.C. Section 1983, as well as the Pregnancy Discrimination Act of 1978;
13. Violation of an **Insured Person's** civil rights relating to any of the above; or
14. Negligent hiring, retention, training or supervision, infliction of emotional distress, or violation of an individual's civil rights, when alleged in conjunction with any of the foregoing items 1. through 13.,

whether such **Employment Practices Wrongful Act** as described in 1-14 above is committed directly, indirectly, intentionally or unintentionally, but only if the **Employment Practices Wrongful Act** actually or allegedly pertains to acts committed by an **Insured** and are alleged against an **Insured** by an **Insured Person** or applicant for employment with the **Insured Organization**.

E. Insured means any **Insured Organization** and/or **Insured Person**.

F. Insured Person means:

1. Any past, present or future director, officer, trustee, **Employee**, advisory board member or any committee member of a duly constituted committee of the **Insured Organization**; or
2. In the event the **Insured Organization** or a **Subsidiary** thereof operates outside the United States, then the term **Insured Person** also means those titles, positions or capacities for such foreign **Insured Organization** or **Subsidiary** that are equivalent to the positions of directors or officers in the United States.

G. Loss means damages (including back pay and front pay), settlements, judgments (including pre- and post-judgment interest on a covered judgment) and **Defense Expenses**. **Loss** (other than **Defense Expenses**) shall not include:

1. Any amount for which the **Insureds** are not financially liable or for which there is not legal recourse to the **Insureds**;
2. Amounts owed under any employment contract, partnership, stock or other ownership agreement, or any other type of contract;
3. Disability, social security, workers compensation, medical insurance, retirement or pension benefit payments, or settlement amounts representing employment related benefit payments;
4. The cost of creating or reinstating employment;
5. Any amounts owed to any **Employee** as wages or compensation previously incurred or vested without regard to any **Claim**;
6. Civil or criminal fines or penalties;
7. Taxes, whether owed to or by any **Insured**;
8. Amounts, including **Defense Expenses**, arising out of, based upon or attributable to actual or alleged liability or costs incurred by any **Insured** to modify any building or property in order to make such building or property more accessible or accommodating to any disabled person, or any actual or alleged liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar relating to an **Employment Practices Claim**;
9. Matters that may be uninsurable under the law pursuant to which this policy shall be construed.

The DEFINITION of **Loss** shall include punitive or exemplary damages and the multiplied portion of any multiplied damage award, if and where insurable. For purposes of determining whether punitive or exemplary damages, or the multiplied portion of any multiplied damage award arising from any **Claim** shall be insurable by law, the **Insurer** agrees to abide by the law of whichever jurisdiction is applicable to such **Claim** and is most favorable to the **Insured** in that regard.

H. Premises means the buildings, facilities or properties occupied by the **Insured Organization** in conducting its business.

I. Third Party means any person(s) with whom an **Insured** interacts.

J. Third Party Discrimination means any discrimination by an **Insured** in his or her capacity as such against a **Third Party** based on such **Third Party's** race, color, creed, religion, age, gender, national origin, sexual orientation or preference, disability, pregnancy or other protected status that is protected pursuant to any applicable federal, state or local statute or ordinance.

K. Third Party Harassment means any type of sexual or gender harassment as well as racial, religious, sexual orientation, pregnancy, disability, age, or national origin-based harassment that is by an **Insured** to a **Third Party**.

L. Workplace Violence means any intentional and unlawful act:

1. of deadly force involving the use of lethal weapon; or
2. the threat of deadly force involving the display of a lethal weapon,

which occurs on or in the **Premises** and which did or could result in bodily injury or death to an **Insured Person**.

M. Workplace Violence Expense means the reasonable fees and expenses, or cost of:

1. an independent security consultant for ninety (90) days following the date **Workplace Violence** occurs;
2. an independent public relations consultant for ninety (90) days following the date **Workplace Violence** occurs;
3. a counseling seminar for all **Employees** conducted by an independent consultant following **Workplace Violence**;
4. independent security guard services for up to fifteen (15) days; and
5. an independent forensic analyst.

SECTION IV. - EXCLUSIONS

The **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured**:

1. Alleging, arising out of, based upon or attributable to, in whole or in part, any litigation involving any **Insured** that was commenced or initiated prior to, or was pending on or before the date referenced in Item 4. of the Employment Practices Liability Declarations Page, or arising out of or based upon, in whole or in part, any facts or circumstances underlying or alleged in any such prior or pending litigation;
2. For actual or alleged bodily injury, sickness, disease or death of any person, mental anguish or emotional distress; damage to or destruction of any tangible property, including loss of use thereof, whether or not such property is physically damaged; provided, this EXCLUSION shall not apply to allegations of mental anguish or emotional distress made solely in connection with an **Employment Practices Claim**;

The **Insurer** shall not be liable to make any payment, and shall have no duty to defend or pay **Loss** of any sort, in connection with any **Workplace Violence**:

- a. which occurs at any location other than the **Insured Organization's Premises**;
 - b. arising from declared or undeclared war, civil war, insurrection, riot, civil commotion, rebellion or revolution, military, naval or usurped power, governmental intervention, expropriation or nationalization;
 - c. that reflects legal costs, judgments and settlements incurred as the result of any **Claim**, suit or judicial action brought against an **Insured Organization** in connection with **Workplace Violence**; or
 - d. resulting from the use or threat of force or violence occurring on the **Premises** for the purpose of demanding money, securities or property.
3. For the actual, alleged or threatened discharge, dispersal, release or escape of pollutants or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to **Claims** alleging damage to the **Insured Organization**;

Pollutant includes (but is not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, whether live or inanimate, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to be recycled, reconditioned or reclaimed;

4. For violation of any of the responsibilities, obligations or duties imposed by: The Fair Labor Standards Act (except the Equal Pay Act) or any state or local statutory or common law, regulation or ordinance that governs payment or administration of wages, hours worked, or employee entitlements; the Employee Retirement Income Security Act of 1974; the National Labor Relations Act; the Worker Adjustment and Retraining Notification Act; the Consolidated Omnibus Budget Reconciliation Act; the Occupational Safety and Health Act; any rules or regulations of any of the foregoing promulgated thereunder and amendments thereto; or any similar provisions of any federal, state or local statutory or common law that govern the same subject matter governed by the laws referenced in this section even if particular laws have some additional or different provisions; provided, this EXCLUSION shall not apply to **Loss** arising from a **Claim** for employment related retaliation;
5. Alleging, arising out of, based upon or attributable to, in whole or in part, any liability under or pursuant to any contract or agreement, whether oral, written, express or implied, including the liability of others assumed by an **Insured**, unless such **Insured** would have been liable in the absence of such contract or agreement; provided this EXCLUSION shall not apply to **Defense Expenses** in connection with an **Employment Practices Claim**;
6. Alleging, arising out of, based upon or attributable to any workers' compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law; provided, this EXCLUSION shall not apply to **Loss** arising from a **Claim** for employment related retaliation;
7. Alleging, arising out of, based upon, directly or indirectly resulting from or in consequence of, or in any way involving any criminal or deliberate fraudulent act; provided this EXCLUSION shall not apply unless a judgment or other final adjudication adverse to any **Insured** in the **Claim** shall establish that such Insured committed such criminal or fraudulent act.

The **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured** for the purpose of determining the applicability of the EXCLUSIONS set forth in SECTION IV.

In Witness Whereof, the **Insurer** has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized agent of the **Insurer**.



Secretary



President

FIDUCIARY LIABILITY COVERAGE SECTION (NON-PROFIT) PLEASE READ YOUR POLICY CAREFULLY

Words and phrases that appear in **bold** text have special meaning. Refer to SECTION III. – DEFINITIONS in this Coverage Section or the Common Policy Terms and Conditions.

If purchased, as indicated in Item 3. of the Common Policy Declarations Page and in consideration of the payment of premium and in reliance upon all statements made to the **Insurer** in the **Application**, and subject to the terms, conditions, definitions, exclusions and limitations provided hereinafter or in the Common Policy Terms and Conditions, the **Insurer** agrees:

SECTION I. - INSURING AGREEMENTS

Fiduciary Liability

The **Insurer** shall pay **Loss** up to the Limit of Liability applicable to this **Coverage Section** on behalf of the **Insured** in connection with any **Fiduciary Claim** first made against any **Insured** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy.

Notwithstanding anything contained in this policy to the contrary, the coverage provided under this Coverage Section shall be non-rescindable by the **Insurer**.

SECTION II. – ADDITIONAL COVERAGES

The **Insurer** shall pay **Loss** arising from **Additional Claims** first made against any **Insured** during the **Policy Period** and reported in accordance with SECTION V. – CONDITIONS, C. Notice of Claim or Circumstance in the Common Policy Terms and Conditions of this policy which result in **Loss** as described in the Additional Coverages as shown below.

Any Sublimits and Retentions set forth in the Fiduciary Liability Declarations Page for the Additional Coverage(s) shall apply separately and specifically to any **Loss** arising from the specified Additional Coverage(s). Such Retentions shall be borne by the **Insured Organization**, and the **Insurer** shall only be liable for the amount of **Loss** arising from the specified Additional Coverage(s) that is in excess of the specifically stated Retention amount applicable to such Additional Coverage, and subject to the applicable Sublimit.

A. HIPAA Violations

Loss is amended to include any civil money penalties imposed upon an **Insured** for violation of the privacy provisions of the Health Insurance Portability and Accountability Act ("HIPAA").

B. Voluntary Compliance Fees/Sanctions

The definition of **Loss** is amended to include:

1. Any sanctions imposed upon an **Insured** as a fiduciary; or
2. Any compliance fees incurred by an **Insured**, under the Employee Plans Compliance Resolution System described in any applicable Internal Revenue Service Revenue Procedure ("EPCRS Sanctions/Fees").

C. PPACA Civil Money Penalties

Loss is amended to include any civil money penalties imposed upon an **Insured** for inadvertent violation of the Patient Protection and Affordable Care Act, as amended ("PPACA"), and any rules or regulations promulgated thereunder.

D. Plan Value Fiduciary Liability

Loss is amended to include a monetary award in, or fund for settling, a **Claim** against any **Insured** to the extent it alleges a loss to a **Plan** and/or loss in the actual account of participants in a **Plan** by reason of a change in the value of investments held by that **Plan**, regardless of whether the amounts sought in such **Claim** have been characterized by plaintiffs as "benefits" or held by a court to be "benefits".

E. Settlor Breaches of Duty

Loss is amended to include amounts incurred arising from Settlor Breaches of Duty, meaning any actual or alleged breach of duties, obligations and responsibilities imposed by **ERISA**, **COBRA**, or **HIPAA**, in the discharge of any **Insured's** duties in a settlor capacity with respect to **Employee Benefits**.

F. Other Penalties

Loss is amended to include **Defense Expenses** resulting from any **Claim** arising out of:

1. the civil penalties under Section 502(c) of **ERISA**;
2. the civil penalties under the Pension Protection Act of 2006; and
3. the 15% or less tax penalty imposed upon an Insured under Section 4975 of the Internal Revenue Code of 1986, with respect to covered judgments.

SECTION III. – DEFINITIONS

A. Additional Claims means written demands or written allegations demanding relief as described in Section II., Additional Coverages, of this **Coverage Section**.

B. Administration means:

1. handling records in connection with **Employee Benefits**;
2. effecting enrollment, termination or cancellation of **Employees** under an **Employee Benefits** program;
3. giving counsel to **Employees** with respect to **Employee Benefits**; or
4. interpreting **Employee Benefits**.

C. Claim means a **Fiduciary Claim**.

D. Employee means any natural persons whose labor or service is engaged by and directed by the **Insured Organization**, including part-time, seasonal, leased and temporary employees as well as volunteers. **Employee** shall not include any independent contractor.

E. Employee Benefits means any **Plan** or **Healthcare Exchange**, and any workers' compensation insurance, unemployment insurance, Social Security or disability benefits for **Employees** of the **Insured Organization**.

F. ERISA means:

1. the Employee Retirement Income Security Act of 1974, as amended and any rules or regulations promulgated thereunder (including, amendments relating to the Consolidated Omnibus Budget Reconciliation Act of 1985, and the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"));
2. the English Pension Scheme Act of 1993, and the English Pensions Act of 1995, as such Acts are amended and any rules or regulations promulgated under such Acts, and

any similar statutory or common law anywhere in the world, and any rules or regulations promulgated thereunder, and

3. the privacy provisions under HIPAA.

G. Fiduciary Claim means a:

1. written demand for money or other civil relief commenced by the receipt of such demand;
2. civil proceeding, including any arbitration or other alternative dispute resolution proceeding commenced by the service of a complaint, filing of a demand for arbitration, or similar pleading;
3. criminal proceeding commenced by the return of an indictment;
4. written notice of the commencement of an investigation by the Department of Labor or the Pension Benefit Guaranty Corporation; or
5. formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar documents;

against an **Insured** for a **Fiduciary Wrongful Act**.

H. Fiduciary Wrongful Act means any actual or alleged:

1. breach of the duties, responsibilities or obligations imposed upon fiduciaries of any **Plan** by **ERISA** or the common law or statutory law of any jurisdiction governing such **Plan**; or
2. any negligent act, error or omission by an **Insured** in the **Administration** of **Employee Benefits** or any other matter claimed against an **Insured** solely by reason of their service as a fiduciary of any **Plan**.

3. Violation of any of the responsibilities, obligations or duties imposed upon fiduciaries of any **Plan** by the Health Insurance Portability and Accountability Act of 1996 and any rules or regulations promulgated thereunder (“HIPAA”); or
 4. Other violation of HIPAA claimed against an **Insured** due solely to such **Insured’s** service as a fiduciary of any **Plan**; or
 5. Negligent violation of HIPAA by an **Insured** in the **Administration** of any **Plan**.
- I. **Healthcare Exchange** shall be any facility or vehicle set up to facilitate the purchase of health insurance in each state in accordance with the Patient Protection and Affordable Care Act.
- J. **Insured** means the **Insured Persons**, the **Plan** and the **Sponsor Organization**.
- K. **Insured Person** means any director, officer, trustee, partner or **Employee** of the **Plan** or of the **Sponsor Organization** while acting in his or her capacity as a fiduciary or settlor of the **Plan**.
- L. **Loss** means damages, settlements, judgments (including pre- and post-judgment interest on a covered judgment) and **Defense Expenses**. **Loss** (other than **Defense Expenses**) shall not include:
1. Fines, penalties or taxes imposed by law, except that **Loss** may include claimant’s attorney’s fees awarded by a court pursuant to Section 502(g) of the Employee Retirement Income Security Act of 1974, as amended, against an **Insured**; civil penalties of up to five percent (5%) imposed pursuant to Section 502(i) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) for inadvertent violation of Section 406 of **ERISA**, and civil penalties of up to twenty percent (20%) of any settlement or judgment imposed pursuant to Section 502(l) of **ERISA** for breach of fiduciary duty;
 2. Benefits due or to become due under the terms of any **Plan**, unless and then only to the extent that recovery for such benefits is based on a **Fiduciary Wrongful Act** and is payable as the personal obligation of an **Insured** who is a natural person; provided that **Loss** shall include **Defense Expenses** with respect to any **Claim** seeking benefits due or to become due under the terms of any **Plan**; and **Loss** shall include a monetary award in, or fund for settling, a **Claim** against any **Insured** to the extent it alleges a loss to a **Plan** and/or loss in the actual account of participants in a **Plan** by reason of a change in the value of investments held by that **Plan**, regardless of whether the amounts sought in such **Claim** have been characterized by plaintiffs as “benefits” or held by a court to be “benefits”;
 3. Any amount for which the **Insureds** are not financially liable or for which there is not legal recourse to the **Insureds**;
 4. Amounts owed under any employment contract, partnership, stock or other ownership agreement, or any other type of contract;
 5. Disability, social security, workers compensation, medical insurance, retirement or pension benefit payments, or settlement amounts representing employment related benefit payments;
 6. The cost of creating or reinstating employment;
 7. Any amounts owed to any **Employee** as wages or compensation previously incurred or vested without regard to any **Claim**;
 8. Civil or criminal fines or penalties not expressly provided for in this **Coverage Section**;
 9. Taxes, whether owed to or by any **Insured**;
 10. Matters that may be uninsurable under the law pursuant to which this policy shall be construed.
- The DEFINITION of **Loss** shall include punitive or exemplary damages and the multiplied portion of any multiplied damage award, if and where insurable. For purposes of determining whether punitive or exemplary damages, or the multiplied portion of any multiplied damage award arising from any **Claim** shall be insurable by law, the **Insurer** agrees to abide by the law of whichever jurisdiction is applicable to such **Claim** and is most favorable to the **Insured** in that regard.
- M. **Pension Benefit Plan** means any employee pension benefit plan, as such term is defined in **ERISA**, which is operated solely by the **Insured** or jointly by the **Insured** and a labor organization solely for the benefit of the **Employees**.
- N. **Plan** means any:
1. **Pension Benefit Plan** and any trust established to hold the assets of any such **Pension Benefit Plan**;
 2. **Welfare Benefit Plan** which was, is now, or becomes sponsored solely by any **Sponsor Organization**;

3. **Pension Benefit Plan**, or any trust established to hold the assets of any such **Pension Benefit Plan**, created during the **Policy Period** by any **Sponsor Organization** or by any interest owned or controlled by such **Sponsor Organization** for the **Employees** thereof, but only if the Insured provides the Insurer with written notice of the creation of such **Pension Benefit Plan** within ninety (90) days of the effective date of such **Pension Benefit Plan**; and
4. otherwise covered **Plan** of any **Subsidiary** as that term is defined in the Common Policy Terms and Conditions SECTION III. - DEFINITIONS, M., or as allowed in the Common Policy Terms and Conditions SECTION V. – CONDITIONS, G., but only if the:
 - (a) **Insured** provides the **Insurer** such additional information with respect thereto as the **Insurer** may reasonably require;
 - (b) **Insured** provides the **Insurer** written notice of such acquisition as soon as practicable after the effective date thereof; and
 - (c) **Insurer** specifically agrees by written endorsement to provide coverage with respect to such **Plan** and the **Insured** has accepted any additional terms, conditions and limitations of coverage, and agrees to pay any additional premium that the **Insurer** in its sole discretion, shall deem appropriate.

Plan shall not include any multiemployer plan.

- O. Sponsor Organization** means the **Insured Organization** while acting in its capacity as a sponsor of a **Plan** solely for the benefit of its **Employees**.
- P. Welfare Benefit Plan** means any employee welfare benefit plan, as such term is defined in **ERISA** which is operated solely by the **Insured** or jointly by the **Insured** and a labor organization solely for the benefit of the **Employees**.

SECTION IV. - EXCLUSIONS

Specifically with respect to **Fiduciary Claims** or **Additional Claims**, exclusions in this endorsement shall govern in the event of any specific conflict between them and other exclusions in the policy.

The **Insurer** shall not be liable to make any payment for **Loss**, and shall have no duty to defend or pay **Defense Expenses**, in connection with any **Fiduciary Claim** made against any **Insured**:

1. Based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any fact, circumstance, situation, transaction, event or **Fiduciary Wrongful Act** underlying or alleged in any prior and/or pending litigation or administrative or regulatory proceeding which was brought prior to the date referenced in Item 4. of the Fiduciary Liability Declarations Page;
2. Based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged failure by any **Insured** to comply with any law, rule or regulation concerning workers' compensation insurance, unemployment insurance, Social Security or disability benefits, whether or not such failure to comply is willful;
3. For the failure to collect contributions owed to any **Plan** from any employer unless such failure is due to the negligence of an **Insured**, or for the return to any employer of any contributions if such amounts are or could be chargeable to a **Plan**; provided, this EXCLUSION 3. shall not apply to the **Insurer's** obligations, subject to the applicable Limit of Liability, to defend such **Fiduciary Claim** and to pay **Defense Expenses** resulting therefrom;
4. For violation of any of the responsibilities, obligations or duties imposed by: The Fair Labor Standards Act (except the Equal Pay Act) or any state or local statutory or common law, regulation or ordinance that governs payment or administration of wages, hours worked, or employee entitlements; the National Labor Relations Act; the Worker Adjustment and Retraining Notification Act; the Consolidated Omnibus Budget Reconciliation Act; the Occupational Safety and Health Act; any rules or regulations of any of the foregoing promulgated thereunder and amendments thereto; or any similar provisions of any federal, state or local statutory or common law that govern the same subject matter governed by the laws referenced in this section even if particular laws have some additional or different provisions; provided, this EXCLUSION shall not apply to Loss arising from a Claim for employment related retaliation;
5. For the actual, alleged or threatened discharge, dispersal, release or escape of pollutants or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, including but not limited to **Claims** alleging damage to the **Insured Organization**;

Pollutant includes (but is not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, whether live or inanimate, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) materials to be recycled, reconditioned or reclaimed;

6. Alleging, arising out of, based upon or attributable to, in whole or in part, any liability under or pursuant to any contract or agreement, whether oral, written, express or implied, including the liability of others assumed by an **Insured**, unless such **Insured** would have been liable in the absence of such contract or agreement;
7. Made by or on behalf of a fidelity insurer against a natural person whose conduct has resulted in a **Loss** which has been paid under a fidelity bond; or
8. Based upon, arising out of, directly or indirectly resulting from any discrimination, retaliation or wrongful termination of employment; provided, this EXCLUSION 8. will not apply to **Fiduciary Claims** asserted under Section 510 of **ERISA**.

No conduct of any **Insured Person** will be imputed to any other **Insured Person** to determine the application of any of the above EXCLUSIONS.

SECTION V. - CONDITIONS

A. Coverage for New Plans

If during the **Policy Period** the **Insured**:

1. forms or acquires an employee welfare benefit plan, as defined by **ERISA**, which is sponsored solely by the **Insured**, or jointly by the **Insured** and a labor organization exclusively for the benefit of **Employees** of the **Insured**; this **Coverage Section** shall automatically apply; or
2. forms or acquires an employee pension benefit plan or pension plan, as defined by **ERISA**, which is sponsored solely by the **Insured**, or jointly by the **Insured** and a labor organization exclusively for the benefit of **Employees** of the **Insured** and whose assets are less than ten percent (10%) of the total consolidated assets of the **Insured** as of the Policy inception date; this **Coverage Section** shall automatically apply; or
3. forms or acquires an employee pension benefit plan or pension plan, as defined by **ERISA**, which is sponsored solely by the **Insured** or jointly by the **Insured** and a labor organization exclusively for the benefit of **Employees** of the **Insured** and whose assets are equal to or greater than ten percent (10%) of the total consolidated assets of the **Insured** as of the Policy inception date, then coverage is provided under this **Coverage Section**, but only upon the condition that within ninety (90) days of it becoming an **Employee Benefits** plan, the **Insured** provides the **Insurer** with full particulars of the new **Employee Benefits** plan and agrees to any additional premium and/or amendment of the provisions of this **Coverage Section** required by the **Insurer** related to such new **Employee Benefits** plan. Further, coverage as shall be afforded to the new **Employee Benefits** plan is conditioned upon the **Insured** paying when due any additional premium required by the **Insurer** relating to such new **Employee Benefits** plan.

In all events, coverage as afforded with respect to this Section V.A. shall not apply to a Multi Employer Plan, a Multiple Employer Plan, or a Defined Benefit Plan.

B. Recourse

It is agreed that, in the event an **Insured** breaches a fiduciary obligation under **ERISA**, the **Insurer** has the right of recourse against any such **Insured** for any amount paid by the **Insurer** as a result of such breach of fiduciary duty, but the **Insurer** shall have no such right of recourse if the policy has been purchased by the fiduciary or by an employer or an employee organization.

C. Termination of Plan

If the **Sponsor Organization** terminates a **Plan**, coverage shall be afforded under this coverage extension with respect to such terminated **Plan** and its **Insureds**. Such continuation of coverage shall apply with respect to **Fiduciary Claims** for **Fiduciary Wrongful Acts** committed, attempted, or allegedly committed or attempted prior to or after the date the **Plan** was terminated.

In Witness Whereof, the **Insurer** has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized agent of the **Insurer**.



Secretary



President



**NON-PROFIT ORGANIZATION MANAGEMENT LIABILITY
RENEWAL APPLICATION**

NOTICE: THIS IS A CLAIMS MADE AND REPORTED POLICY THAT APPLIES ONLY TO THOSE CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE INSURER DURING THE POLICY PERIOD, OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF LIABILITY AVAILABLE TO PAY LOSS SHALL BE REDUCED OR TOTALLY EXHAUSTED BY PAYMENT OF DEFENSE EXPENSES.

I. GENERAL INFORMATION SECTION

1. (a) Name of Organization:

Ararat Home of Los Angeles Inc.

(b) Organization Address:

15105 Mission Hills Rd.
Mission Hills CA 91345

2. Indicate Coverage and Limit Requested:

D&O Liability Insurance Coverage: Yes No Limit Requested: \$ _____
 Employment Practices Liability Coverage: Yes No Limit Requested: \$ _____
 Third Party Liability Coverage: Yes No
 Fiduciary Liability Insurance Coverage: Yes No Limit Requested: \$ _____

3. Indicate the Type of Limit Requested:

- Shared Limit of Liability for multiple Coverage Sections
- Separate Limit of Liability for each Coverage Section
- Combination of Shared and Separate Limits (provide details): _____

4. Please provide the following financial information for the Applicant and its Subsidiaries:

| | Current Year | Prior Year |
|------------------------------|----------------|-----------------|
| Date of Financial Statement: | 2023 | 2022 |
| Total Assets: | \$ 101,123,921 | \$ 85,270,295 |
| Total Liabilities: | \$ 15,827,207 | \$ 3,215,546 |
| Fund Balance: | \$ 19,200,035 | \$ 16,433,468 |
| Total Revenues: | \$ 54,850,921 | \$ 39,582,538 |
| Net Income or Net Loss: | \$ 3,241,966 | \$ <24,093,284> |

5. As part of this Application, please submit the following with respect to the Applicant:

Directors & Officers Liability Coverage:

- (a) COMPLETE COPY OF LATEST ANNUAL REPORT. IF AUDITED FINANCIALS, PLEASE INCLUDE AUDITORS NOTES AND A COPY OF LATEST INTERIM FINANCIAL STATEMENT
- (b) CURRENT LIST OF DIRECTORS AND OFFICERS
- (c) COMPLETE COPY OF BY LAWS AND ARTICLES OF INCORPORATION

Employment Practices Liability Coverage:

- (a) EEO-1 REPORT (IF REQUIRED BY FEDERAL LAW)
- (b) EMPLOYEE HANDBOOK

Fiduciary Liability Coverage:

- (a) A COPY OF THE MOST RECENTLY FILED FORM 5500 OR MOST RECENT AUDITED PLAN FINANCIAL STATEMENTS

II. DIRECTORS & OFFICERS LIABILITY SECTION (Please complete only if coverage requested)

- 1. (a) Have there been any changes in the Organization operations within the last twelve (12) months or is the Organization currently contemplating any merger or acquisition? Yes No
If "Yes", please provide details on a separate page.
- (b) Has the Organization acquired or created any Subsidiaries within the last twelve (12) months? Yes No
If "Yes", please provide details on a separate page.
- 2. Does the organization have an incident response plan for data breaches that is tested at least annually? Yes No
If "No", please provide details on a separate page.
- 3. If applicable, is the organization Payment Card Industry Data Security Standard (PCI/DSS) compliant? Yes No
If "No", please provide details on a separate page.
- 4. Does the organization purchase First Party and Third Party Network Security and Privacy Insurance Coverage? Yes No
- 5. If applicable, is the organization Health Insurance Portability & Accountability Act (HIPAA) / Health Information Technology for Economic & Clinical Health (HITECH) compliant? Yes No
If "No", please provide details on a separate page.
- 6. Does the organization receive more than 10% of their revenues from any governmental source? Yes No
- 7. Does the organization offer, sell, advertise, market or solicit any product or service, or debt collection, employing any automatic/robo dialing, mobile phone texting, faxing, or any other type of communications based mechanism or strategy governed under the rules and regulations of the Telephone Consumer Protection Act of 1991 (TCPA), The Fair Debt Collection Practices Act or any laws governing unsolicited advertising or contacts for collections or promotion of goods or services? Yes No
- 8. Does the organization have a contract or agreement with any third party vendor to perform the above services on their behalf? Yes No

III. EMPLOYMENT PRACTICES LIABILITY SECTION (Please complete only if coverage requested)

| Number of Employees: | Full time: | Part time: | Independent Contractors: | Volunteers: | Total: |
|----------------------|------------|------------|--------------------------|-------------|--------|
| 1. | 509 | 44 | | | 549 |

2. List total number of Employees in the following states:

CA 549 FL _____ LA _____ MA _____ TX _____

3. Does the Organization anticipate making any reductions in the work force within the next twelve (12) months? Yes No

If "Yes", please provide details on a separate page.

4. How many Employees or Officers have been terminated within the last twelve (12) months?

Number of Employees: _____ Number of Officers: 0

IV. FIDUCIARY LIABILITY SECTION (Please complete only if coverage requested)

1. Has any plan (a) been amended within the last 12 months in a way that will result in the reduction of benefits or are any such amendments anticipated within the next 12 months; or (b) been merged with another plan, terminated or sold within the past 2 years or is any such merger, Termination, sale or freezing anticipated in the next 12 months? Yes No

If "Yes", please provide details of implementation, disclosure and any relevant blackout periods.

2. Does any plan invest in a mutual fund, collective trust or similar investment pool that receives investment management services from the Organization for a fee? Yes No

If "Yes":

How often are these fees reviewed by the trustees for fairness? Annually
 Are these fees disclosed to participants? Yes No

3. Are any Plans non-compliant with plan agreements or ERISA? If "Yes", please provide details on a separate page. Yes No

The undersigned authorized Officer of the Organization, on behalf of the Organization and its Subsidiaries, and on behalf of the Directors and Officers of the Organization and its Subsidiaries declares that to the best of his/her knowledge and belief, the information, particulars, documents, representations and statements contained in, attached or referred to in this application for insurance and/or as a result of the underwriting process are true and accurate and recognizes that the Insurer, in issuing this policy, will rely on such information, particulars, documents, representations and statements.

Although the signing of this application does not bind the undersigned to effect insurance, the undersigned agrees, on behalf of the Organization and its Subsidiaries, and on behalf of the Directors and Officers of the Organization and its Subsidiaries, that the information, particulars, documents, representations and statements contained in, attached or referred to in this application for insurance and/or as a result of the underwriting process shall be the basis of the contract should a policy be issued and that this application will be attached to and will become part of such policy. The Insurer is hereby authorized to make any investigation and inquiry it deems necessary in connection with this application.

NOTE: This application must be signed by the Chairman of the Board, President or Executive Director and dated within thirty (30) days of the effective date of coverage.

The undersigned authorized Officer agrees that if the information supplied on this application changes between the date of this application and the effective date of the insurance, he/she (undersigned) will immediately notify the Insurer of such changes, and the Insurer may withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance.

Signature David G. Choullan Title CEO
(Chairman of the Board, President or Executive Director)

Date 05-31-2024 Organization Ararat Home of Los Angeles

Submitted By _____ Date _____
(Producer)

SIGNATURE REQUIRED
NEW YORK FRAUD STATEMENT

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Applicant's Signature Date

No Signature Required

ARKANSAS, LOUISIANA, RHODE ISLAND, TEXAS AND WEST VIRGINIA FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

ALABAMA FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

ALASKA FRAUD STATEMENT

A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.

ARIZONA FRAUD STATEMENT

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

CALIFORNIA FRAUD STATEMENT

For your protection, California law requires that you be made aware of the following: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

COLORADO FRAUD STATEMENT

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

DELAWARE FRAUD STATEMENT

Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

DISTRICT OF COLUMBIA FRAUD STATEMENT

WARNING: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FLORIDA FRAUD STATEMENT

Any person who knowingly and with intent to injure, defraud or deceive any insurer, files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

HAWAII FRAUD STATEMENT

For your protection, Hawaii law requires you to be informed that any person who presents a fraudulent claim for payment of a loss or benefit is guilty of a crime punishable by fines or imprisonment, or both.

IDAHO FRAUD STATEMENT

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

INDIANA FRAUD STATEMENT

Any person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.

KANSAS FRAUD STATEMENT

Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

KENTUCKY FRAUD STATEMENT

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

MAINE FRAUD STATEMENT

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

MARYLAND FRAUD STATEMENT

Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

MINNESOTA FRAUD STATEMENT

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

NEW HAMPSHIRE FRAUD STATEMENT

Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

NEW JERSEY FRAUD STATEMENT

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NEW MEXICO FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

OHIO FRAUD STATEMENT

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

OKLAHOMA FRAUD STATEMENT

WARNING: Any person who knowingly and with intent to injure, defraud, or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

OREGON FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

PENNSYLVANIA FRAUD STATEMENT

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

PUERTO RICO FRAUD STATEMENT

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

TENNESSEE, VIRGINIA, AND WASHINGTON FRAUD STATEMENT

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

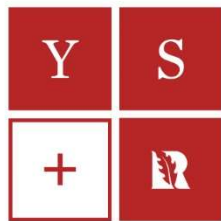
Part 4

Audited Financial Statements

ARARAT HOME OF LOS ANGELES, INC.

FINANCIAL STATEMENTS

December 31, 2025



YSR CPA GROUP, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

AUDIT + TAX + ADVISORY

ARARAT HOME OF LOS ANGELES, INC.
FINANCIAL STATEMENTS
December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of Ararat Home of Los Angeles, Inc.

Opinion

We have audited the accompanying financial statements of Ararat Home of Los Angeles, Inc. (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ararat Home of Los Angeles, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Ararat Home of Los Angeles, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Ararat Home of Los Angeles, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ararat Home of Los Angeles, Inc.'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.

YSR CPA Group, P.C.

Los Angeles, California
April 24, 2026

ARARAT HOME OF LOS ANGELES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2025

| | <u>2025</u> |
|--|------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents (Note 15) | \$ 13,327,536 |
| Accounts receivable, net of allowance for implicit price concessions (Notes 1,4, & 10) | 4,973,696 |
| ERC and related interest receivable (Note 11) | 5,963,511 |
| Assets limited as to use, current (Note 5) | 424,157 |
| Prepaid expenses and other current assets | <u>968,938</u> |
| TOTAL CURRENT ASSETS | 25,657,838 |
| NONCURRENT ASSETS | |
| Endowment fund (Notes 5 & 7) | 26,701,731 |
| Capital replacement fund (Note 5) | 288,099 |
| Assets limited as to use, net of current portion (Note 5) | 1,164,457 |
| Property and equipment, net of accumulated depreciation (Note 8) | <u>56,649,216</u> |
| TOTAL NONCURRENT ASSETS | 84,803,503 |
| TOTAL ASSETS | \$ <u>110,461,341</u> |
| LIABILITIES AND NET ASSETS | |
| CURRENT LIABILITIES | |
| Accounts payable | \$ 1,464,310 |
| Accrued payroll and benefits | 2,076,263 |
| Accrued expenses | 3,620,542 |
| Bonds payable, current (Note 13) | <u>360,000</u> |
| TOTAL CURRENT LIABILITIES | 7,521,115 |
| NONCURRENT LIABILITIES | |
| Refundable entrance fees (Note 10) | 245,250 |
| Deferred revenue from entrance and community fees (Note 10) | 290,446 |
| Bonds payable, net of current portion and unamortized bond premium, discount, and issuance costs (Note 13) | <u>9,145,391</u> |
| TOTAL LIABILITIES | 17,202,202 |
| COMMITMENTS AND CONTINGENCIES (NOTE 17) | |
| NET ASSETS | |
| Without donor restrictions | |
| Board-designated capital reserve (Note 14) | 26,989,830 |
| Undesignated (Note 14) | <u>66,269,309</u> |
| TOTAL NET ASSETS | 93,259,139 |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>110,461,341</u> |

See accompanying independent auditors' report and notes to financial statements.

ARARAT HOME OF LOS ANGELES, INC.**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2025

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| REVENUE AND SUPPORT | | | |
| Net patient service revenue (Notes 1 & 10) | \$ 60,108,547 | \$ - | \$ 60,108,547 |
| Residence entrance fee revenue | 160,831 | - | 160,831 |
| Community fee revenue | 105,200 | - | 105,200 |
| Contributions | 403,378 | 250,000 | 653,378 |
| Contributions - endowment fund (Note 7) | 406,090 | - | 406,090 |
| Government grants and assistance (Note 11) | 4,615,815 | - | 4,615,815 |
| Special event revenue: | 236,641 | - | 236,641 |
| Less: costs of direct benefits to donors | <u>(112,259)</u> | <u>-</u> | <u>(112,259)</u> |
| Net special event revenue | <u>124,382</u> | <u>-</u> | <u>124,382</u> |
| Interest and dividend income | 1,459,759 | - | 1,459,759 |
| Investment income | 11,726 | - | 11,726 |
| Endowment income (Note 7) | 3,049,122 | - | 3,049,122 |
| Loss on sale of donated property (Note 9) | (86,610) | - | (86,610) |
| Loss on disposals of property and equipment | (100,984) | - | (100,984) |
| Other income | 953,359 | - | 953,359 |
| Net assets released from restrictions (Note 14) | <u>983,723</u> | <u>(983,723)</u> | <u>-</u> |
| TOTAL REVENUE AND SUPPORT | 72,194,338 | (733,723) | 71,460,615 |
| EXPENSES | | | |
| Program services | 61,686,882 | - | 61,686,882 |
| Supporting services: | | | |
| General and administrative | 5,078,040 | - | 5,078,040 |
| Fundraising | <u>222,272</u> | <u>-</u> | <u>222,272</u> |
| TOTAL EXPENSES | <u>66,987,194</u> | <u>-</u> | <u>66,987,194</u> |
| INCREASE (DECREASE) IN NET ASSETS | 5,207,144 | (733,723) | 4,473,421 |
| NET ASSETS, AT BEGINNING OF YEAR | <u>88,051,995</u> | <u>733,723</u> | <u>88,785,718</u> |
| NET ASSETS, AT END OF YEAR | <u>\$ 93,259,139</u> | <u>\$ -</u> | <u>\$ 93,259,139</u> |

See accompanying independent auditors' report and notes to financial statements.

ARARAT HOME OF LOS ANGELES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025

| | PROGRAM SERVICES | | | | | SUPPORTING SERVICES | | |
|---|-----------------------------------|----------------------------------|---------------------------------------|-------------------------------------|--------------------------|----------------------------------|-------------------|----------------------|
| | Nursing Facility Mission Hills | Assisted Living Mission Hills | Total Ararat Home Mission Hills | Ararat Gardens and Post Acute | Convalescent Hospital | General and Administrative | Fundraising | Total |
| Salaries, payroll taxes, and benefits | \$ 23,296,146 | 2,620,041 | 25,916,187 | 6,920,433 | 3,994,584 | 648,441 | 96,604 | \$ 37,576,249 |
| Supplies and ancillary services | 4,540,125 | 430,834 | 4,970,959 | 1,157,643 | 566,179 | 23,918 | 1,443 | 6,720,142 |
| Credit loss expense | 181,693 | - | 181,693 | 33,386 | - | - | - | 215,079 |
| Taxes and licenses | 409,935 | 7,507 | 417,442 | 45,510 | 62,778 | 2,098 | - | 527,828 |
| Depreciation | 834,151 | 847,840 | 1,681,991 | 660,115 | 87,303 | 81,769 | 95,645 | 2,606,823 |
| Utilities | 1,073,879 | 251,288 | 1,325,167 | 689,796 | 87,327 | 98,097 | 5,163 | 2,205,550 |
| Purchased services | 2,437,636 | 449,757 | 2,887,393 | 1,487,947 | 377,612 | 51,387 | - | 4,804,339 |
| Insurance | 2,527,394 | 318,614 | 2,846,008 | 862,324 | 433,782 | 215,802 | 11,358 | 4,369,274 |
| Interest | - | - | - | - | - | 540,224 | - | 540,224 |
| Administration | 2,517,211 | 52,809 | 2,570,020 | 371,263 | 330,553 | 30,118 | - | 3,301,954 |
| Events | - | - | - | - | - | 87,262 | - | 87,262 |
| Property costs | 280,622 | 93,542 | 374,164 | 243,209 | 20,114 | 229,124 | 12,059 | 878,670 |
| Professional fees | 60,000 | - | 60,000 | - | 24,000 | 3,069,800 | - | 3,153,800 |
| TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES | \$ 38,158,792 | \$ 5,072,232 | \$ 43,231,024 | \$ 12,471,626 | \$ 5,984,232 | \$ 5,078,040 | \$ 222,272 | \$ 66,987,194 |

See accompanying independent auditors' report and notes to financial statements.

ARARAT HOME OF LOS ANGELES, INC.**STATEMENT OF CASH FLOW**

For the Year Ended December 31, 2025

| | <u>2025</u> |
|---|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in net assets | \$ 4,473,421 |
| Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 2,606,823 |
| Amortization of bonds payable | 42,608 |
| Net realized and unrealized (gain) loss on investments | (1,207,512) |
| Contributed securities to board-designated endowment | (1,090) |
| Unrealized (gain) loss on contributed securities | (27,872) |
| Loss on sale of donated property | 86,610 |
| Loss on disposals of property and equipment | 100,984 |
| (Increase) decrease in: | |
| Accounts receivable, net | (18,415) |
| ERC and related interest receivable | (5,963,511) |
| Prepaid expenses and other current assets | (7,145) |
| Increase (decrease) in: | |
| Accounts payable | 572,077 |
| Accrued payroll and benefits | 137,634 |
| Accrued expenses | 2,938,576 |
| Deferred revenue from entrance and community fees | (142,906) |
| Refundable entrance fees | (56,250) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 3,534,032 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of investments | (1,719,002) |
| Proceeds on sale of investments | 250,142 |
| Purchases of property and equipment | (2,344,253) |
| Proceeds on sale of donated property | 1,848,765 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (1,964,348) |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Payments on bonds payable | (345,000) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES: | (345,000) |
| NET INCREASE IN CASH | 1,224,684 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR | <u>16,885,805</u> |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR | <u>\$ 18,110,489</u> * |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | |
| Cash payments for interest on bonds payable | \$ 521,875 |

* Refer to Note 15, Statement of Cash Flows

See accompanying independent auditors' report and notes to financial statements.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Ararat Home of Los Angeles, Inc. (the "Home") is a nonprofit and nondenominational organization founded in 1949 to care for elderly Armenians in Southern California. Since its early inception, the Home has expanded in both size and scope. Today, the Home exists to provide assisted and independent living, skilled nursing and convalescent care facilities, primarily for the Armenian community, and to promote Armenian heritage and culture in America. The Board of Trustees oversees the management of the Home.

Basis of Presentation

The financial statements of the Home have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Home and changes therein are classified as follows:

- *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 Home. The Home's board may designate assets without restrictions for specific operational purposes from time to time.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Home or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Home's ongoing services and investment revenue. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

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

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Home applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles.

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurement for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The standard describes three-tier hierarchy of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying values of cash, accounts receivable, accounts payable, accrued expenses, and other current assets and liabilities are deemed by management to be reasonable estimates of their fair value principally because of the short maturity of these items.

New Accounting Pronouncements Recently Adopted

The Home has reviewed other recent accounting pronouncements issued through April 24, 2026, and concluded they are not applicable to the organization.

Cash and Cash Equivalents

Cash and cash equivalents consist of short term, highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable and Allowance for Credit Losses

Substantially all of the Home's accounts receivable are related to providing assisted and independent living, skilled nursing and convalescent care to patients. Accounts receivable are reduced by contractual adjustments and estimated implicit price concessions by each major payor type based on historical experience of collections and contractual write downs. Management regularly reviews data about these major payors in evaluating the sufficiency of the estimate for implicit price concession. For receivables associated with services provided to patients with third-party coverage, the Home analyzes contractually due amounts and provides an allowance, if necessary (for example, for payors who are known to be having financial difficulties that make the collection of receivables unlikely).

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Credit Losses (continued)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Home estimates uncollectible amounts based on its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. These amounts are considered implicit price concessions and are recorded as a reduction to revenue.

As of December 31, 2025, the allowance for implicit price concessions was \$35,000. Account balances are charged against the allowance after reasonable collection efforts have been exhausted and the potential for recovery is considered remote. Interest is not charged on past due amounts. Accounts receivable, net of contractual adjustments and an allowance for implicit price concessions of \$35,000, totaled \$10,937,207 as of December 31, 2025.

The Home evaluates its receivables for expected credit losses in accordance with ASC 326. See note 4 for additional disclosures.

Investments

Investments are reflected at fair value using quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions, if applicable, as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Home reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Home reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 5 to 40 years. Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Leases

As of December 31, 2025, the Home had no operating or finance lease obligations.

Assets Limited as to Use

Assets limited as to use consist of investments that are restricted in use by a trust agreement. These accounts are interest-bearing cash and money market mutual funds, which were established pursuant to the trust agreement executed in connection with the issuance of the Insured Revenue Bonds, Series 2023 (see Note 13). Assets limited as to use are carried at fair value. Assets limited as to use, current represents amounts that will fund current debt service liabilities.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Replacement Fund

The Capital Replacement Fund is composed of Board-designated investments for the acquisition of new or the replacement of obsolete or worn-out equipment, the performance of major repairs, and construction of additions to, or improvements of, the Home's facilities

Impairment of Long-Lived Assets

The Home reviews its long-lived assets whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable. Impairment is evaluated by comparing the carrying value of the 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 Home would recognize an impairment loss at that date for the amount by which the carrying amount of the asset exceeds its fair value. Management determined that no such impairment currently exists for the year ended December 31, 2025.

Revenue Recognition

Revenue from Contracts with Customers

The Home recognizes revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Home generally measures revenue based on the amount of consideration the Home expects to be entitled for the transfer of goods to a customer, then recognizes this revenue when the Home satisfies its performance obligations.

The Home evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

The Home recognizes revenue from patient services as it is earned based on the number of days care is provided. All patients are billed monthly. The Home receives substantially all of its patient revenues from a combination of Medicare, Medi-Cal or private insurance companies. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Additional disclosures related to revenue recognition under Topic 606 are included in Note 10.

Contributions and Support

The Home recognizes contributions in accordance with ASU 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made. In accordance with Topic 958, Revenue Recognition, the Home must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution.

Contributed revenue may include gifts of cash or promises to give. Contributions and grants are recognized as revenues in the period received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions and Support (continued)

A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

Special Events

Special event revenues received are not recognized until the revenue is earned, which is at the time of the event or when the services are provided, and the Home does not believe it is required to provide additional goods or services to fulfill its related performance obligation. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs.

The Home records special event revenue equal to contribution revenue less the cost of direct benefits to donors which is included in special event revenue on the statement of activities and changes in net assets.

Contributed Nonfinancial Assets

Contributed nonfinancial assets (in-kind) are recorded as support in the statement of activities. Such contributions are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Home's policy is to use contributed nonfinancial assets for programmatic or other purposes unless the assets have no utility consistent with the Home's mission. In those instances, the assets would be monetized. See Note 12 for additional disclosures.

Contributed Services

The Home utilizes the services of volunteers throughout the year that perform a variety of tasks that assist the Home with various programs. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services do not meet the criteria for recognition as a contribution and are not reflected in the financial statements.

Net Patient Service Revenue

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Home estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change.

The Home does not charge an entrance fee to new residents. Certain residents had contracts with entrance fee liabilities that were assumed by the Home as part of the Windsor Manor acquisition, for the year ended December 31, 2023.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Patient Service Revenue (continued)

The Home has applied the practical expedient provided by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 340-40-25-4, and all incremental resident contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Home otherwise would have recognized is one year or less in duration.

The Home provides a comprehensive range of health care services to patients and residents. Patient care and resident revenue consists of the following categories:

Skilled Nursing:

The most significant portion of the operations is the Home's operation of the skilled nursing facilities at the Mission Hills, Eagle Rock, and Glendale campuses. Caregivers provide residents with comprehensive, individualized care 24 hours a day. In addition, the facilities provide licensed therapy services, quality nutrition services, social services, activities, and housekeeping and laundry services.

Assisted Living and Independent Living:

The Home's assisted living facility provides personal care services and assistance with general activities of daily living such as dressing, bathing, meal preparation, and medication management. Resident assessments are performed to determine what services are desired or required and residents are encouraged to participate in a range of activities.

During the years ended December 31, 2025 and 2024, patient care and resident revenue consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Skilled nursing and convalescent care revenues | \$ 43,164,201 | \$ 42,996,368 |
| Assisted and independent living revenues | 8,924,509 | 10,350,466 |
| Ancillary revenues | <u>8,019,837</u> | <u>63,170</u> |
| | <u>\$ 60,108,547</u> | <u>\$ 53,410,004</u> |

Resident Entrance Fees

On March 1, 2023, the Home acquired the real property, the facility, and the business operations of "Windsor Manor" under a Purchase and Sale agreement for total monetary consideration of \$14,500,000. The Home has renamed this facility Ararat Gardens.

Certain residents of Ararat Gardens had contracts with entrance fees that were assumed by the Home. The Home does not charge an entrance fee to new residents. For those residents with an entrance fee contract, the Home is obligated to provide future care as defined in the agreement. The terms of the agreement between the Home 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 agreement, is paid at the time the contract is signed. Based on the agreement, the entrance fee or a portion of the entrance fee may be nonrefundable. The refundable portion of the resident agreements are not part of the transaction price and are recorded as a refundable entrance fee liability in the accompanying statements of financial position. The nonrefundable entrance fee provides the resident with a material right to access health services at the facility over the remaining life span of the resident or until the contract is terminated. The monthly fees are specified in the resident's agreement. The monthly fees entitle the residents to the use of the facilities.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Resident Entrance Fees (Continued)

Under the resident agreement, the Home'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. The Home 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 Home 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 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 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 Home 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 Home's performance is to have various residential, social, or health care 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. 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 in the accompanying balance sheet. Subsequent changes to management's estimate of the transaction price, including changes in the resident's life-expectancy, are recognized as an adjustment to revenue and were not significant in the year ended December 31, 2025.

The Home does not adjust the promised amount of consideration from residents for the effects of a significant financing component as the primary purpose for the nonrefundable payment is to provide the resident with assurance that the Home will have available the health care services needed to serve the residents satisfactorily under the contract and thus no significant financing component exists.

Future Service Obligation

The Home is obligated to provide residents that have paid entrance fees with continuous care throughout the resident's stay at the community. Management's estimate of the liability for this future service obligation represents the excess of the discounted net care expenses over the deferred revenue from entrance fees. The obligation is discounted at 5.5% at December 31, 2025. No future service obligation liability was required to be recorded as of December 31, 2025.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Costs are directly applied to the related program or supporting service function when identifiable and possible. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses (Continued)

The expenses that are allocated include the following:

| <u>Expense</u> | <u>Method of Allocation</u> |
|---------------------------------|--|
| Salaries and benefits | Job descriptions and management estimate |
| Supplies and ancillary services | Direct |
| Credit loss expense | Direct |
| Taxes and licenses | Direct |
| Depreciation | Direct |
| Utilities | Direct |
| Purchased services | Direct |
| Interest | Direct |
| Insurance | Direct |
| Administration | Direct |
| Events | Direct |
| Property costs | Direct |
| Professional fees | Direct |

Unamortized Bond Issuance Costs, Discount, and Original Issue Premium

For the year ended December 31, 2023, the Home recognized bond issuance costs, discount, and original issue premium related to the issuance of the Insured Revenue Bonds, Series 2023, disclosed in Note 13. The unamortized balances are netted with bonds payable on the statement of financial position and the balances are amortized over the life of the related debt using the straight-line method. The amortization expense is included with interest expense in the accompanying statement of activities.

Income Taxes

The Home is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Home has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Income generated from activities unrelated to the Home's exempt purpose is subject to tax under IRC Section 511. For the year ended December 31, 2025, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Home follows the provision of uncertain tax positions as addressed in FASB Accounting Standards Codification. The Home recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. The Home believes that it has taken no significant uncertain tax positions for the year ended December 31, 2025. Management believes the Home is no longer subject to income tax examinations by applicable taxing jurisdictions for the years prior to December 31, 2021.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 2. AVAILABILITY AND LIQUIDITY

The following table reflects the Home's financial assets as of December 31, 2025, reduced by amounts not available for general use because of bond indenture, donor-imposed and board-designated restrictions, that are available to meet cash needs for general expenditures within one year. Amounts not available include amounts set aside for long-term investing in the endowment and capital replacement fund that could be drawn upon if the Board of Trustees approves that action.

| | |
|--|-----------------------------|
| Financial assets at year-end: | <u>2025</u> |
| Cash and cash equivalents | \$ 13,327,536 |
| Accounts receivable, net | 4,973,696 |
| ERC and related interest receivable | 5,963,511 |
| Endowment fund | 26,701,731 |
| Capital replacement fund | 288,099 |
| Assets limited as to use | <u>1,588,614</u> |
| Total financial assets | 52,843,187 |
| Less amounts not available to be used within one year: | |
| Current portion of bonds payable | 360,000 |
| Assets limited as to use | <u>1,588,614</u> |
| Financial assets available to meet general expenditures within one year before board designations: | 50,894,573 |
| Less board designated restrictions: | |
| Endowment fund, primarily for long-term investing | 26,701,731 |
| Capital replacement fund | <u>288,099</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u><u>23,904,743</u></u> |

The Home has a goal to maintain financial assets, which consist of cash and cash equivalents on hand to meet 180 - 270 days of normal operating expenses. As part of its liquidity management, the Home has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Home is also supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Home must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The investment funds above have been established by the governing board and may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 3. CONCENTRATIONS OF CREDIT RISK

Cash

Financial instruments that potentially subject the Home to significant concentrations of credit risk consist principally of cash. The Home maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At December 31, 2025, the Home exceeded federally insured limits by \$12,432,447. Management has not experienced any losses in the past and does not believe the Home is exposed to any significant risk.

Net Patient Service Revenue

The Home grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The Home has agreements with third-party payors that provide for payments to the Home at amounts different from its established rates.

For the year ended December 31, 2025, HMO's consisted of the highest source of net patient service revenue at 48%. Approximately 29% of net patient service revenue was derived under federal and state third-party payor agreements. Ancillary services consisted of 13% of net patient service revenue. Private pay consisted of 10% of net patient service revenue.

Accounts receivable from HMO's consisted of 69% of total accounts receivable at December 31, 2025. Accounts receivable from federal and state third-party reimbursement programs at December 31, 2025, was 30% of total accounts receivable.

Risks and Uncertainties

The Home is invested in a variety of investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 4. CURRENT EXPECTED CREDIT LOSSES

The Home evaluates expected credit losses on accounts receivable using historical collection experience, the current mix of payors, aging of receivables, price concessions, and other relevant factors such as economic and regulatory conditions.

Changes in the allowance for credit losses for the year ended December 31, 2025 were as follows:

| | <u>Accounts receivable</u> |
|----------------------------------|--------------------------------|
| Balance, beginning of year | \$ - |
| Credit loss expense | 215,079 |
| Write-offs and other adjustments | <u>(215,079)</u> |
| Balance, end of year | \$ <u>-</u> |

During the year ended December 31, 2025, the Home recognized credit loss expense of \$215,079 which is presented within the statement of functional expenses. All of this expense was recognized through direct adjustments to accounts receivable during the year, resulting in the allowance for credit losses at year-end.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 5. INVESTMENTS AND ASSETS LIMITED AS TO USE

At December 31, 2025, the Home's investments and assets limited as to use consisted of the following:

| | <u>2025</u> |
|---|----------------------|
| Quasi-endowment fund: | |
| Interest bearing cash | \$ 27,471 |
| Money market mutual funds | 2,878,808 |
| Common stocks and ETFs | 362,389 |
| Real estate investment trusts | 279,215 |
| U.S. Government securities | 247 |
| Mutual funds: | |
| Large-cap funds | 10,983,175 |
| Income funds | 4,332,241 |
| International and emerging markets | 3,991,556 |
| Mid-cap funds | 2,387,982 |
| Real estate | 341,679 |
| Small-cap funds | 1,116,968 |
| Total Quasi-endowment fund | <u>26,701,731</u> |
| Capital replacement fund: | |
| Interest bearing cash | 2,587 |
| Money market mutual funds | 285,473 |
| U.S. Government securities | 39 |
| Total capital replacement fund | <u>288,099</u> |
| Total Quasi-Endowment Fund and Capital Replacement Fund | <u>26,989,830</u> |
| Assets limited as to use: | |
| Money market mutual funds | 1,588,614 |
| Total assets limited as to use | <u>1,588,614</u> |
| Total investments and assets limited as to use | <u>\$ 28,578,444</u> |

For the year ended December 31, 2023, assets limited as to use were established pursuant to the trust agreement executed in connection with the issuance of the Insured Revenue Bonds, Series 2023 (see Note 13). Assets limited as to use consisted of the following at December 31, 2025:

| | <u>2025</u> |
|--------------------------------|---------------------|
| Revenue fund | \$ 10,485 |
| Bond reserve | 441,497 |
| Project fund | 893,397 |
| Interest fund | 41,888 |
| Principal fund | 201,347 |
| Total assets limited as to use | <u>\$ 1,588,614</u> |

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 6. FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodology used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Mutual Funds and Real Estate Investment Trusts ("REITs"): Mutual funds and REITs are valued at the daily closing price as reported by the fund and REIT. Mutual funds held by the Home are open-end mutual funds and both the mutual funds and REITs are registered with the U.S. Securities and Exchange Commission. These funds and REITs are required to publish their daily NAV and to transact at that price. The mutual funds and REITs held by the Home are deemed to be actively traded.

U.S. Government Securities: U.S. government securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities.

Common Stocks and ETFs: Common stocks and ETFs are valued at the closing price reported on the active market on which the individual securities are traded.

Interest-bearing cash: Interest-bearing cash is valued at cost plus accrued interest which approximates fair value.

The following table presents the fair value measurements of investments recognized in the accompanying financial statements on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at December 31:

| | 2025 | | | |
|-------------------------------|----------------------|----------------------|---------------|-------------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Interest-bearing cash | \$ 30,058 | \$ 30,058 | \$ - | \$ - |
| Money market mutual funds | 4,752,895 | 4,752,895 | - | - |
| Common stocks and ETFs | 362,389 | 362,389 | - | - |
| Mutual funds | 23,153,601 | 23,153,601 | - | - |
| Real estate investment trusts | 279,215 | 279,215 | - | - |
| U.S. Government securities | 286 | - | 286 | - |
| Total assets | \$ 28,578,444 | \$ 28,578,158 | \$ 286 | \$ - |

As required by FASB ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value.

Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts that the Home 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 December 31, 2025. Current estimates of fair value may differ significantly from the amounts presented.

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 6. FAIR VALUE MEASUREMENTS (continued)

The following is a reconciliation of investments and assets limited as to use from the fair value hierarchy above to amounts presented on the statement of financial position at December 31:

| | <u>2025</u> |
|-------------------------------------|----------------------|
| Investments | \$ 26,989,830 |
| Assets limited as to use, current | 424,157 |
| Assets limited as to use, long-term | <u>1,164,457</u> |
| Total | <u>\$ 28,578,444</u> |

NOTE 7. ENDOWMENT FUND

The Home maintains investments set aside for specific board-restricted purposes. Pursuant to these objectives, the Home has adopted a policy for these investment funds that attempts to provide a balance of maintenance of adequate cash reserves and the preservation of principal and growth within reasonable and prudent levels of risk.

Endowment Fund

The endowment fund investments consist of assets designated by the Board of Trustees to be invested in perpetuity for the purpose of generating income to support the Home's operations. Although the designated assets of the endowment fund are intended to be invested in perpetuity, the Board retains the discretion to utilize the endowment fund to support the Home's operations should the need arise. Since the board retains this discretion, the endowment fund is, therefore, more properly described as a "quasi-endowment fund".

Interpretation of Relevant Law

The Board of Trustees, in concurrence with the advice of legal counsel, has interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a long-term investment strategy designed to preserve the fair value of the endowment fund. In accordance with California UPMIFA, the organization considers the following factors in deciding to appropriate or invest endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Home and the board-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Home.
- 7) The investment policies of the Home.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 7. ENDOWMENT FUND (continued)

Endowment Investment and Spending Policies

The Home has adopted investment and spending policies for endowment assets that attempt to maintain the long-term purchasing power of the endowment assets. The endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The investment policy calls for a diversified portfolio utilizing various asset classes with a goal of reducing portfolio volatility and risk.

The Home uses a total investment return methodology for determining its spending policy each year. The portfolio's total returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The spending policy calculates the cumulative amount available for distribution from the endowment to support operations.

The spending policy is reviewed annually in light of changing market assumptions, investment returns and the rate of inflation. Accordingly, over the long term, the Home expects its current spending policy to allow its endowment assets to grow.

Endowment fund composition consists of the following as of December 31, 2025:

| | <u>Board Designated</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Net Endowment Assets</u> |
|----------------------------------|-----------------------------|-----------------------------------|-----------------------------------|---|
| Board-designated endowment funds | \$ 26,701,731 | - | - | \$ 26,701,731 |

The following summarizes endowment related activities for the year ended December 31, 2025:

| | <u>Board Designated</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Net Endowment Assets</u> |
|---|-----------------------------|-----------------------------------|-----------------------------------|---|
| Endowment, beginning of year | \$ 23,251,519 | - | - | \$ 23,251,519 |
| Contributions | 406,090 | - | - | 406,090 |
| Investment return (loss), net of expenses | 3,049,122 | - | - | 3,049,122 |
| Appropriation of assets for expenditure | <u>(5,000)</u> | <u>-</u> | <u>-</u> | <u>(5,000)</u> |
| Endowment, end of year | <u>\$ 26,701,731</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,701,731</u> |

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

| | <u>2025</u> |
|-------------------------------|----------------------|
| Buildings and improvements | \$ 71,015,370 |
| Furniture and equipment | 6,459,403 |
| Vehicles | <u>560,861</u> |
| | 78,035,634 |
| Less accumulated depreciation | <u>(37,812,147)</u> |
| | 40,223,487 |
| Land | 14,170,065 |
| Construction in progress | <u>2,255,664</u> |
| | <u>\$ 56,649,216</u> |

Depreciation expense for the year ended December 31, 2025 was \$2,606,823.

NOTE 9. DONATED PROPERTY

On December 5, 2024, the Home received an apartment building as a contribution with no donor-imposed restrictions. The property was recorded at its appraised fair value of \$1,985,000 at the date of donation, based on market comparable data.

On February 28, 2025, the Home sold the donated property for \$1,985,000, which approximated its fair value at the date of donation. Net cash proceeds from the sale were \$1,848,765 after closing costs of \$136,235.

Accumulated depreciation on the property totaled \$49,625 at the time of sale. As a result, the Home recognized a loss on sale of \$86,610, representing the difference between the net proceeds received and the carrying value of the property at the date of sale. This loss is included in the statement of activities for the year ended December 31, 2025.

The net proceeds from the sale were used to support general operations. The donor did not impose any restrictions on the contribution.

NOTE 10. REVENUE RECOGNITION

Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing services. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Home bills the residents and third-party payors several days after the services are performed or the resident no longer needs care. Revenue is recognized as performance obligations are satisfied.

The Home determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. The Home determines its estimates of contractual adjustments and discounts based on contractual agreements and historical experience.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 10. REVENUE RECOGNITION (continued)

Net Patient Service Revenue (continued)

Performance obligations are determined based on the nature of the services provided by the Home. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Generally, performance obligations satisfied over time are related to residents in the Home's facilities receiving in-resident post-acute and convalescent care services or residents receiving services in their homes (assisted and independent living). The Home measures the performance obligation from the effective date on the Residence Agreement contract to the point when it is no longer required to provide services to that resident, which is generally at the time the resident elects to move from the facility or passes away. Revenue for performance obligations satisfied at a point in time is generally recognized when ancillary and other services are provided to the Home's residents.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare: Payments for skilled nursing facility services rendered to Medicare program beneficiaries are based on prospectively determined daily rates, which vary according to a patient diagnostic classification system. The Home is paid for certain reimbursable services at the approved rate with final settlement determined after submission of the annual cost report and audit thereof by the Medicare fiscal intermediary. Annual cost reports are submitted to the designated intermediary; however, they will not contain a cost settlement.

Medi-Cal: Payments for skilled nursing facility services rendered to Medi-Cal program beneficiaries are based on an annually established daily reimbursement rate for eligible stays. The rate is adjusted annually on January 1. The final settlement is determined after submission of an annual cost report and audits thereof by Medi-Cal.

Other: Payments for services rendered to health maintenance organizations (HMO), private pay, and other patients are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations, and preferred provider organizations, which provide for various discounts from the established rates.

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, 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 Home's compliance with these laws and regulations, and it is not possible to determine the impact (if any) of such claims, or penalties would have upon the Home. In addition, the contracts the Home has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Home's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant for the year ended December 31, 2025.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 10. REVENUE RECOGNITION (continued)

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable on the statement of financial position.

Accounts receivable, net of allowance for implicit price concessions, from contracts with customers consist of the following as of December 31:

| | <u>2025</u> | <u>2024</u> |
|----------|---------------------|---------------------|
| HMO | \$ 3,411,799 | \$ 3,104,414 |
| Medicare | 1,165,837 | 1,477,433 |
| Medi-Cal | 328,722 | 278,457 |
| Private | <u>67,338</u> | <u>94,977</u> |
| | <u>\$ 4,973,696</u> | <u>\$ 4,955,281</u> |

Contract liabilities with customers consist of the following as of December 31:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Refundable entrance fees | \$ 245,250 | \$ 301,500 |
| Deferred revenue from entrance and community fees | <u>290,446</u> | <u>433,352</u> |
| | <u>\$ 535,696</u> | <u>\$ 734,852</u> |

Disaggregation of Revenue

Disaggregated revenue by third-party payors consists of the following as of December 31:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| HMO | \$ 28,825,041 | \$ 23,104,614 |
| Medicare | 7,702,598 | 12,430,023 |
| Rent – assisted and independent living | 8,924,509 | 9,250,367 |
| Private | 801,708 | 1,032,403 |
| Medi-Cal | 5,834,854 | 4,479,378 |
| Other | 14,892 | 1,858,696 |
| Ancillary | <u>8,004,945</u> | <u>1,254,523</u> |
| | <u>\$ 60,108,547</u> | <u>\$ 53,410,004</u> |

Management has elected the practical expedient permitted under ASC 606 not to disclose information about remaining performance obligations as these contracts have original terms that are one year or less.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 10. REVENUE RECOGNITION (continued)

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care 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 Home's compliance with these laws and regulations, and it is not possible to determine the impact (if any) of such claims, or penalties would have upon the Home. In addition, the contracts the Home has with commercial payors also provide for retroactive audit and review of claims.

NOTE 11. GOVERNMENT GRANTS AND ASSISTANCE

Employee Retention Credit (ERC)

The 2020 and 2021 Employee Retention Credit (ERC) act as fully refundable credits against the employer portion of Social Security taxes based on the amount of qualified wages that an eligible employer has incurred. The maximum credit is based on a qualified-wages ceiling for each employee. Filing the paperwork with the IRS is an administrative burden that does not impact the timing of when the receivable should be recognized.

Management has recognized a receivable of \$5,963,511, including \$1,347,696 in interest receivable for the ERC amount that was not taken as a direct credit on payroll tax reporting forms. Therefore, management has recognized \$4,615,815 as revenue in government grants and assistance on the statement of activities for the year ended December 31, 2025.

Laws and regulations concerning government programs, including the ERC established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Home's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Home.

NOTE 12. CONTRIBUTED NONFINANCIAL ASSETS

Revenues from contributions of nonfinancial assets recognized within the statement of activities were as follows for the year ended December 31:

| | | 2025 | Usage in programs/ activities | Donor imposed restrictions | Fair value techniques and inputs |
|---------------------|----|-------|---|----------------------------|---|
| Stock contributions | \$ | 1,090 | Management and general: Held in board-designated endowment fund and included within Contributions – endowment fund on the statement of activities | None (board designated) | Fair market value at date of contribution |
| Total | \$ | 1,090 | | | |

All gifts were recognized in accordance with donor restrictions, when applicable. The Home's general practice is to monetize contributed stock, depending upon current market conditions within 1-2 days of receipt. Stock contributions of \$1,090 were held in the Home's board-designated Endowment fund at December 31, 2025, to be used towards management and general expenditures upon monetization subsequent to the year ended December 31, 2025.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 13. LONG-TERM DEBT

On October 24, 2023, the Home issued \$10,915,000 in Insured Revenue Bonds, Series 2023, through the California Municipal Finance Authority. The bonds payable subject the Home to certain financial covenants, including days cash on hand, current ratio, and debt service coverage ratio.

The interest rate is 5% per annum. Interest is payable on May 15 and November 15 each year, commencing May 15, 2024. The bonds mature on May 15, 2043.

The bonds were issued at a premium of \$306,240, which is being amortized over the life of the debt. Total amortization related to bond premium is netted in interest expense and totaled \$15,312 for the year ended December 31, 2025.

The bonds included an underwriter's discount of \$114,607, which is being amortized over the life of the debt. Total amortization related to the bond discount included in interest expense was \$5,730 for the year ended December 31, 2025.

Long-term bonds payable consisted of the following for the year ended December 31:

| | <u>2025</u> |
|--|---------------------|
| Series 2023 bonds | \$ 10,265,000 |
| Less: Current portion of bonds payable | (360,000) |
| Less: Unamortized debt insurance costs | (930,481) |
| Plus: Unamortized bond premium | 273,064 |
| Less: Unamortized bond discount | <u>(102,192)</u> |
| Total | <u>\$ 9,145,391</u> |

The Home follows FASB ASC 835-30, Imputation of Interest. Under that guidance, debt issuance costs related to a note are reported as a direct deduction from the face amount of the note. The Home incurred debt issuance costs of \$1,051,547 in connection with the bond offerings for the year ended December 31, 2023 and a subsequent reduction in the debt issuance costs of \$7,763 for the year ended December 31, 2024. The debt issuance costs are being amortized over the life of the debt. Total amortization related to debt issuance costs included in interest expense is \$52,190 for the year ended December 31, 2025.

The bonds are secured by substantially all assets of the Home. The Home is required to maintain certain reserve accounts totaling \$1,588,614 as of December 31, 2025, as disclosed in Note 5.

Maturities of the Series 2023 Bonds during each of the next five years and thereafter are as follows:

| | <u>2025</u> |
|------------|----------------------|
| 2026 | \$ 360,000 |
| 2027 | 380,000 |
| 2028 | 400,000 |
| 2029 | 420,000 |
| 2030 | 440,000 |
| Thereafter | <u>8,265,000</u> |
| Total | <u>\$ 10,265,000</u> |

See accompanying independent auditors' report.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 14. NET ASSETS

Net assets without donor restrictions consist of the following as of December 31:

| | <u>2025</u> |
|---------------------------|----------------------|
| Undesignated | \$ 66,269,309 |
| Board designated reserves | <u>26,989,830</u> |
| | <u>\$ 93,259,139</u> |

Net assets with donor restrictions represent contributions received or receivable which are limited in their use by time or donor-imposed restrictions. For the year ended December 31, 2025, the Home did not have net assets with donor restrictions.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the year ended December 31:

| | <u>2025</u> |
|--------------------------------------|-------------------|
| Dream fund | 608,723 |
| Courtyard renovation fund | 125,000 |
| GA Foster Foundation | <u>250,000</u> |
| Satisfaction of program restrictions | <u>\$ 983,723</u> |

NOTE 15. STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash and cash equivalents reported within the statement of financial position that sums to the total of the same amounts shown in the statement of cash flows for the year ended December 31:

| | <u>2025</u> |
|---|----------------------|
| Cash and cash equivalents | \$ 13,327,536 |
| Restricted cash and cash equivalents: | |
| Endowment fund investments | 2,906,279 |
| Capital replacement fund investments | 288,060 |
| Assets limited as to use | <u>1,588,614</u> |
| Total cash and cash equivalents and restricted cash and cash equivalents shown on the statement of cash flows | <u>\$ 18,110,489</u> |

NOTE 16. EMPLOYEE RETIREMENT PLAN

The Home has a 403(b) defined contribution plan covering substantially all employees who are age 21 and older. The plan requires that an employee provide at least 1,000 hours of service in any twelve consecutive month period to be eligible for participation. The Home matches 100% of participant contributions up to 3% of employee compensation, as defined.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 16. EMPLOYEE RETIREMENT PLAN (continued)

On January 1, 2025, the plan was restated. Employees are eligible to participate in the plan upon entry date, which is the date of hire. The Home implemented a Safe Harbor Match. In order to maintain “safe harbor” status, the Home will make a safe harbor matching contribution equal to 100% of your elective deferrals that do not exceed 3% of the participant’s compensation, plus 50% of the elective deferrals between 3% and 5% of the participant’s compensation.

During the year ended December 31, 2025, the Home made matching contributions of \$528,882. The Home has a 457(b) defined contribution plan. During the year ended December 31, 2025, the Home made matching contributions of \$30,451.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, reimbursement for patient services, and Medi-Cal and Medicare fraud and abuse rules. Violations of these laws and regulations could result in expulsion from governmental health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed.

Litigation

In addition to commitments and obligations in the ordinary course of business, the Home is subject to various claims and potential legal actions or other matters arising out of the normal course of business

When a loss is considered probable and reasonably estimable, the Home records a liability in the amount of the estimated loss. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and decisions by third parties that will determine the ultimate resolution of the contingency. Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be reevaluated at least quarterly to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss. When a loss is probable, but a reasonable estimate cannot be made, disclosure of the proceeding is provided.

Disclosure also is provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded provision. The Home reviews all contingencies annually to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. As discussed above, development of a meaningful estimate of loss or a range of potential loss is complex when the outcome is directly dependent on negotiations with or decisions by third parties, such as regulatory agencies, the court system, and other interested parties. Such factors bear directly on whether it is possible to reasonably estimate a range of potential loss and boundaries of high and low estimates.

As of December 31, 2025, the Company has accrued \$2,725,000 in probable and reasonably estimable losses due to potential legal actions.

ARARAT HOME OF LOS ANGELES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 17. COMMITMENTS AND CONTINGENCIES (continued)

Changes in the legal accrual are as follows:

| | | |
|---------------------------------|----|------------------|
| Balance as of January 1, 2025 | \$ | 100,000 |
| Payments made | | (100,000) |
| Accrued legal expenses | | <u>2,725,000</u> |
| Balance as of December 31, 2025 | \$ | <u>2,725,000</u> |

Insurance

The Home maintains insurance coverages with carriers that provide professional liability, general liability, employee benefits, and employer's practice liability insurance coverage on a claims-made basis to the Home. The Home is self-insured for workers compensation claims. Workers' compensation insurance expense for the year ended December 31, 2025 totaled \$2,382,876.

Under various policies, including but not limited to, professional liability, general liability and employment practices policy, the Home is covered between \$1,000,000 to \$4,000,000 general aggregate limits. Under the employee benefits liability policy, the Home is covered with a \$1,000,000 general aggregate limit.

The Home determined that an additional estimated reserve for workers' compensation and professional liability was not necessary as of December 31, 2025.

NOTE 18. SUBSEQUENT EVENTS

The Home evaluated subsequent events through April 24, 2026, the date which the financial statements were available to be issued.

Part 6

CCRC Disclosure Statements

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 05/28/2026

Facility Name: Ararat Gardens and Post Acute

Address: 1230 E.Windsor Rd,Glendale | Zip Code:91205 | Phone818-244-7219

Provider Name:
Ararat Home of Los Angeles, Inc.

Facility Operator: Varsenik Keshishyan

Religious Affiliation: None

Year Opened: 2023 # of Acres: 3 Miles to Shopping Center: 0.5 Miles to Hospital: 1.5

Single Story Multi-Story Other:

Number of Units: 139

| Residential Living | Number of Units | Health Care | Number of Units |
|----------------------|-----------------|------------------|-----------------------------|
| Apartments – Studio: | <u>36</u> | Assisted Living: | <u>41</u> |
| Apartments – 1 Bdrm: | <u>28</u> | Skilled Nursing: | <u>28</u> |
| Apartments – 2 Bdrm: | <u>3</u> | Special Care: | <u> </u> |
| Cottages/Houses: | <u>3</u> | Description: | <u> </u> |

RLU Occupancy (%) at Year End: 60%

Type of Ownership: Not for Profit For Profit

Accredited? Yes By: No

Form of Contact: (Check all that apply) Continuing Care Life Care Entrance Fee Fee for Service
 Assignment of Assets Equity Membership Rental

Refund Provisions: (Check all that apply) Refundable 90% 50%
 Repayable 75% Other:

Range of Entrance Fees: \$0 - \$0

Long-Term Care Insurance Required? Yes No

Health Care Benefits Included in Contract: N/A

Entry Requirements: Min Age: 70 Prior Profession: N/A Other: N/A

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider’s compliance and residents’ roles):

The role of the resident representative is to advocate for the residents to the Board of Trustees.

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

Facility Services and Amenities

| Common Area Amenities | Available | Fee for Service | Services Available | Included in Fee | For Extra Charge |
|----------------------------|-------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| Beauty/Barber Shop | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Housekeeping (<u>4</u> Times/ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Billiard Room | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Month at \$_____each) | | |
| Bowling Green | <input type="checkbox"/> | <input type="checkbox"/> | Meals (<u>3</u> /Day) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Card Rooms | <input type="checkbox"/> | <input type="checkbox"/> | Special Diets Available | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Chapel | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| Coffee Shop | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 24-Hour Emergency Response | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Craft Rooms | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Activities Program | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Exercise Room | <input checked="" type="checkbox"/> | <input type="checkbox"/> | All Utilities Except Phone | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Golf Course Access | <input type="checkbox"/> | <input type="checkbox"/> | Apartment Maintenance | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Library | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Cable TV | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Putting Green | <input type="checkbox"/> | <input type="checkbox"/> | Linens Furnished | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Shuffleboard | <input type="checkbox"/> | <input type="checkbox"/> | Linens Laundered | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Spa | <input type="checkbox"/> | <input type="checkbox"/> | Medication Management | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Swimming Pool – Indoor | <input type="checkbox"/> | <input type="checkbox"/> | Nursing/Wellness Clinic | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Swimming Pool – Outdoor | <input type="checkbox"/> | <input type="checkbox"/> | Personal Home Care | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Tennis Court | <input type="checkbox"/> | <input type="checkbox"/> | Transportation – Personal | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workshop | <input type="checkbox"/> | <input type="checkbox"/> | Transportation – Prearranged | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other: _____ | <input type="checkbox"/> | <input type="checkbox"/> | Other: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

Provider Name: Ararat Home of Lost Angeles, Inc.

| Affiliated CCRCs | Location (city, state) | Phone (with area code) |
|-----------------------------|-------------------------------|-------------------------------|
| Ararat Gardens & Post Acute | Glendale, California | 818-244-7219 |
| Ararat Nursing Facility and | | |
| Assisted Living | Mission Hills, California | 818-365-3000 |
| | | |
| | | |
| | | |
| | | |

| Multi-Level Retirement Communities | Location (city, state) | Phone (with area code) |
|---|-------------------------------|-------------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

| Free-Standing Skilled Nursing | Location (city, state) | Phone (with area code) |
|--------------------------------------|-------------------------------|-------------------------------|
| Ararat Convalescent Hospital | Los Angeles, California | 323-256-8012 |
| | | |
| | | |
| | | |

| Subsidized Senior Housing | Location (city, state) | Phone (with area code) |
|----------------------------------|-------------------------------|-------------------------------|
| | | |
| | | |
| | | |

NOTE: Please indicate if the facility is a life care facility.

Provider Name: Ararat Home of Los Angeles, Inc.

| Income and Expenses [Year] | 2025 | 2024 | 2023 | 2022 |
|--|--------------|--------------|--------------|--------------|
| Income from Ongoing Operations | | | | |
| Operating Income (Excluding amortization of entrance fee income) | 61,061,906 | 54,735,548 | 50,612,940 | 39,182,607 |
| Less Operating Expenses (Excluding depreciation, amortization, and interest) | (63,840,147) | (55,425,352) | (49,185,226) | (37,418,388) |
| Net Income From Operations | (2,778,241) | (689,804) | 1,427,714 | 1,764,219 |
| Less Interest Expense | (540,224) | (503,074) | (193,110) | 0 |
| Plus Contributions | 1,059,468 | 4,497,433 | 919,559 | 399,931 |
| Plus Non-Operating Income (Expenses) (Excluding extraordinary items) | 4,644,989 | 2,611,060 | 3,307,557 | (4,933,049) |
| Net Income (Loss) Before Entrance Fees, Depreciation And Amortization | 2,385,992 | 5,915,615 | 5,191,720 | (2,768,899) |
| Net Cash Flow From Entrance Fees (Total Deposits Less Refunds) | (56,250) | 0 | 0 | 0 |

Description of Secured Debt *(as of most recent fiscal year end)*

| Lender | Outstanding Balance | Interest Rate | Date of Origination | Date of Maturity | Amortization Period |
|---------------------------|----------------------------|----------------------|----------------------------|-------------------------|----------------------------|
| CA Municipal Finance Auth | \$10,265,000 | 5% | 11/2/2023 | 5/15/2043 | 20 years |
| | | | | | |
| | | | | | |
| | | | | | |

Financial Ratios *(see last page for ratio formulas)*

| Financial Ratios [Year] | CCAC Medians 50th Percentile <i>(optional)</i> | | | |
|------------------------------------|---|------|------|-----|
| Debt to Asset Ratio | 9% | 10% | 11% | N/A |
| Operating Ratio | 90% | 90% | 93% | 95% |
| Debt Service Coverage Ratio | 8.89 | 7.90 | 7.13 | N/A |
| Days Cash On Hand Ratio | 229 | 229 | 204 | 355 |

Provider Name: Ararat Home of Los Angeles, Inc.

Historical Monthly Service Fees (Average Fee and Change Percentage)

| Residence/Service [Year] | 2025 | % | 2024 | % | 2023 | % | 2022 | % |
|--------------------------|--------|------|----------|-----|----------|---|------|---|
| Studio | \$4299 | -20% | \$5,408 | 4% | \$5,200 | | | |
| One Bedroom | \$5922 | -21% | \$7,592 | 4% | \$7,330 | | | |
| Two Bedroom | \$9193 | 100% | - | | - | | | |
| Cottage/House | \$8664 | -21% | \$11,066 | 4% | \$8,850 | | | |
| Assisted Living | \$5775 | 71% | \$3,376 | 2% | \$3,800 | | | |
| Skilled Living | | | \$11,880 | 10% | \$10,800 | | | |
| Special Care | | | \$9,464 | 4% | \$9,100 | | | |

Comments from Provider:

None

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

$$\frac{\text{Long Term Debt, less Current portion}}{\text{Total Assets}}$$

Operating Ratio

$$\frac{\text{Total Operating Expenses - Depreciation Expense - Amortization Expense}}{\text{Total Operating Revenues - Amortization of Deferred Revenue}}$$

Debt Service Coverage Ratio

$$\frac{\text{Total Excess of Revenues Over Expenses + Interest, Depreciation, and Amortization Expenses + Amortization of Deferred Revenue + Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

Days Cash On Hand Ratio

$$\frac{\text{Unrestricted Current Cash \& Investments + Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses - Depreciation - Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 05/28/2026

Facility Name: Ararat Nursing Facility and Assisted Living

Address: 15099 Mission Hills Road

Zip Code: 91345

Phone: 818-365-3000

Provider Name:

Ararat Home of Los Angeles, Inc.

Facility Operator: Derik Ghookasian

Religious Affiliation: None

Year Opened: 1992

of Acres: 10.5

Miles to Shopping Center: 0.5

Miles to Hospital: 0.2

Single Story

Multi-Story

Other:

Number of Units: 362

| Residential Living | Number of Units | Health Care | Number of Units |
|----------------------|-----------------|------------------|-----------------|
| Apartments – Studio: | _____ | Assisted Living: | 108 |
| Apartments – 1 Bdrm: | _____ | Skilled Nursing: | 254 |
| Apartments – 2 Bdrm: | _____ | Special Care: | _____ |
| Cottages/Houses: | _____ | Description: | _____ |

RLU Occupancy (%) at Year End: 82%

Type of Ownership: Not for Profit
 For Profit

Accredited? Yes By: _____
 No

Form of Contact: Continuing Care Life Care Entrance Fee Fee for Service
(Check all that apply) Assignment of Assets Equity Membership Rental

Refund Provisions: Refundable 90% 50%
(Check all that apply) Repayable 75% Other:

Range of Entrance Fees: \$0 - \$0

Long-Term Care Insurance Required? Yes No

Health Care Benefits Included in Contract: N/A

Entry Requirements: Min Age: 70 Prior Profession: N/A Other: N/A

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider’s compliance and residents’ roles):

The role of the two elected resident representatives is to serve on the board and advocate for the residents

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

Facility Services and Amenities

| Common Area Amenities | Available | Fee for Service | Services Available | Included in Fee | For Extra Charge |
|-------------------------|-------------------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|
| Beauty/Barber Shop | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Housekeeping (<u>5</u> Times/ Month at \$ <u>0</u> each) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Billiard Room | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| Bowling Green | <input type="checkbox"/> | <input type="checkbox"/> | Meals (<u>3</u> /Day) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Card Rooms | <input type="checkbox"/> | <input type="checkbox"/> | Special Diets Available | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Chapel | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | | |
| Coffee Shop | <input type="checkbox"/> | <input type="checkbox"/> | 24-Hour Emergency Response | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Craft Rooms | <input type="checkbox"/> | <input type="checkbox"/> | Activities Program | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Exercise Room | <input checked="" type="checkbox"/> | <input type="checkbox"/> | All Utilities Except Phone | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Golf Course Access | <input type="checkbox"/> | <input type="checkbox"/> | Apartment Maintenance | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Library | <input type="checkbox"/> | <input type="checkbox"/> | Cable TV | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Putting Green | <input type="checkbox"/> | <input type="checkbox"/> | Linens Furnished | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Shuffleboard | <input type="checkbox"/> | <input type="checkbox"/> | Linens Laundered | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Spa | <input type="checkbox"/> | <input type="checkbox"/> | Medication Management | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Swimming Pool – Indoor | <input type="checkbox"/> | <input type="checkbox"/> | Nursing/Wellness Clinic | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Swimming Pool – Outdoor | <input type="checkbox"/> | <input type="checkbox"/> | Personal Home Care | <input type="checkbox"/> | <input type="checkbox"/> |
| Tennis Court | <input type="checkbox"/> | <input type="checkbox"/> | Transportation – Personal | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Workshop | <input type="checkbox"/> | <input type="checkbox"/> | Transportation – Prearranged | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Other: <u>Museum</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

Provider Name: Ararat Home of Los Angeles, Inc.

| Affiliated CCRCs | Location (city, state) | Phone (with area code) |
|--|-------------------------------|-------------------------------|
| Ararat Gardens & Post Acute | Glendale, California | 818-244-7219 |
| Ararat Nursing Facility and Assisted Living | Mission Hills, California | 818-365-3000 |
| | | |
| | | |
| | | |
| | | |

| Multi-Level Retirement Communities | Location (city, state) | Phone (with area code) |
|---|-------------------------------|-------------------------------|
| | | |
| | | |
| | | |
| | | |

| Free-Standing Skilled Nursing | Location (city, state) | Phone (with area code) |
|--------------------------------------|-------------------------------|-------------------------------|
| Ararat Convalescent Hospital | Los Angeles, California | 323-256-8012 |
| | | |
| | | |

| Subsidized Senior Housing | Location (city, state) | Phone (with area code) |
|----------------------------------|-------------------------------|-------------------------------|
| | | |
| | | |
| | | |

NOTE: Please indicate if the facility is a life care facility.

Provider Name: Ararat Home of Los Angeles, Inc.

| Income and Expenses [Year] | 2025 | 2024 | 2023 | 2022 |
|--|--------------|--------------|--------------|--------------|
| Income from Ongoing Operations | | | | |
| Operating Income (Excluding amortization of entrance fee income) | 61,061,906 | 54,735,548 | 50,612,940 | 39,182,607 |
| Less Operating Expenses (Excluding depreciation, amortization, and interest) | (63,840,147) | (55,425,352) | (49,185,226) | (37,418,388) |
| Net Income From Operations | (2,778,241) | (689,804) | 1,427,714 | 1,764,219 |
| Less Interest Expense | (540,224) | (503,074) | (193,110) | 0 |
| Plus Contributions | 1,059,468 | 4,497,433 | 919,559 | 399,931 |
| Plus Non-Operating Income (Expenses) (Excluding extraordinary items) | 4,644,989 | 2,611,060 | 3,307,557 | (4,933,049) |
| Net Income (Loss) Before Entrance Fees, Depreciation And Amortization | 2,385,992 | 5,915,615 | 5,191,720 | (2,768,899) |
| Net Cash Flow From Entrance Fees (Total Deposits Less Refunds) | (56,250) | 0 | 0 | 0 |

Description of Secured Debt (as of most recent fiscal year end)

| Lender | Outstanding Balance | Interest Rate | Date of Origination | Date of Maturity | Amortization Period |
|---------------------------|----------------------------|----------------------|----------------------------|-------------------------|----------------------------|
| CA Municipal Finance Auth | \$10,265,000 | 5% | 11/2/2023 | 5/15/2043 | 20 years |
| | | | | | |
| | | | | | |

Financial Ratios (see last page for ratio formulas)

| Financial Ratios [Year] | CCAC Medians 50th Percentile (optional) | | | |
|------------------------------------|--|------|------|-----|
| Debt to Asset Ratio | 9% | 10% | 11% | N/A |
| Operating Ratio | 90% | 90% | 93% | 95% |
| Debt Service Coverage Ratio | 8.89 | 7.90 | 7.13 | N/A |
| Days Cash On Hand Ratio | 229 | 229 | 204 | 355 |

Provider Name: Ararat Home of Los Angeles, Inc.

Historical Monthly Service Fees (Average Fee and Change Percentage)

| Residence/Service [Year] | 2025 | % | 2024 | % | 2023 | % | 2022 | % |
|--------------------------|----------|------|----------|------|----------|------|----------|-------|
| Studio | | | | | | | | |
| One Bedroom | | | | | | | | |
| Two Bedroom | | | | | | | | |
| Cottage/House | | | | | | | | |
| Assisted Living | \$4,000 | 2.7% | \$3,900 | 2.7% | \$3,800 | 2.7% | \$3,700 | 2.7% |
| Skilled Living | \$12,000 | 10% | \$11,880 | 10% | \$10,800 | 6% | \$10,200 | 13.3% |
| Special Care | | | | | | | | |

Comments from Provider:

None

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

$$\frac{\text{Long Term Debt, less Current portion}}{\text{Total Assets}}$$

Operating Ratio

$$\frac{\text{Total Operating Expenses - Depreciation Expense - Amortization Expense}}{\text{Total Operating Revenues - Amortization of Deferred Revenue}}$$

Debt Service Coverage Ratio

$$\frac{\text{Total Excess of Revenues Over Expenses + Interest, Depreciation, and Amortization Expenses + Amortization of Deferred Revenue + Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

Days Cash On Hand Ratio

$$\frac{\text{Unrestricted Current Cash \& Investments + Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses - Depreciation - Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

ARARAT HOME OF LOS ANGELES, INC.

STATEMENT OF ACTIVITIES BREAKOUT - RECONCILIATION TO AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

| | Nursing Facility Mission Hills | Assisted Living Mission Hills | Total Ararat Home Mission Hills | Ararat Gardens and Post Acute | Convalescent Hospital | General and Administrative | Fundraising | Total |
|---|-----------------------------------|----------------------------------|---------------------------------------|-------------------------------------|--------------------------|----------------------------------|---------------------|----------------------|
| Net patient service revenue | \$ 37,325,406 | \$ 3,730,276 | \$ 41,055,682 | \$ 11,526,419 | \$ 7,526,446 | \$ - | \$ - | \$ 60,108,547 |
| Residence entrance fee revenue | - | - | - | 160,831 | - | - | - | 160,831 |
| Community fee revenue | - | - | - | 105,200 | - | - | - | 105,200 |
| Contributions | - | - | - | 23,856 | 300 | - | 629,222 | 653,378 |
| Contributions - endowment fund | - | - | - | - | - | - | 406,090 | 406,090 |
| Government grants and assistance | - | - | - | - | - | 4,615,815 | - | 4,615,815 |
| Special event revenue: | - | - | - | - | - | - | - | - |
| Less: costs of direct benefits to donors | - | - | - | - | - | - | 236,641 | 236,641 |
| Net special event revenue | - | - | - | - | - | - | (112,259) | (112,259) |
| Interest and dividend income | - | - | - | - | - | 1,459,759 | 124,382 | 1,459,759 |
| Investment income | - | - | - | - | - | 11,726 | - | 11,726 |
| Endowment income | - | - | - | - | - | 3,049,122 | - | 3,049,122 |
| Loss on sale of donated property | - | - | - | - | - | (86,610) | - | (86,610) |
| Loss on disposals of property and equipment | - | - | - | - | - | (100,984) | - | (100,984) |
| Other income | 594,391 | 90,716 | 685,107 | 122,262 | 145,990 | - | - | 953,359 |
| TOTAL REVENUE | \$ 37,919,797 | \$ 3,820,992 | \$ 41,740,789 | \$ 11,938,568 | \$ 7,672,736 | \$ 8,948,828 | \$ 1,284,076 | \$ 71,460,615 |

| | PROGRAM SERVICES | | | | | SUPPORTING SERVICES | | |
|---|-----------------------------------|----------------------------------|---------------------------------------|-------------------------------------|--------------------------|----------------------------------|-------------------|----------------------|
| | Nursing Facility Mission Hills | Assisted Living Mission Hills | Total Ararat Home Mission Hills | Ararat Gardens and Post Acute | Convalescent Hospital | General and Administrative | Fundraising | Total |
| Salaries, payroll taxes, and benefits | \$ 23,296,146 | \$ 2,620,041 | \$ 25,916,187 | \$ 6,920,433 | \$ 3,994,584 | \$ 648,441 | \$ 96,604 | \$ 37,576,249 |
| Supplies and ancillary services | 4,540,125 | 430,834 | 4,970,959 | 1,157,643 | 566,179 | 23,918 | 1,443 | 6,720,142 |
| Credit loss expense | 181,693 | - | 181,693 | 33,386 | - | - | - | 215,079 |
| Taxes and licenses | 409,935 | 7,507 | 417,442 | 45,510 | 62,778 | 2,098 | - | 527,828 |
| Depreciation | 834,151 | 847,840 | 1,681,991 | 660,115 | 87,303 | 81,769 | 95,645 | 2,606,823 |
| Utilities | 1,073,879 | 251,288 | 1,325,167 | 689,796 | 87,327 | 98,097 | 5,163 | 2,205,550 |
| Purchased services | 2,437,636 | 449,757 | 2,887,393 | 1,487,947 | 377,612 | 51,387 | - | 4,804,339 |
| Insurance | 2,527,394 | 318,614 | 2,846,008 | 862,324 | 433,782 | 215,802 | 11,358 | 4,369,274 |
| Interest | - | - | - | - | - | 540,224 | - | 540,224 |
| Administration | 2,517,211 | 52,809 | 2,570,020 | 371,263 | 330,553 | 30,118 | - | 3,301,954 |
| Events | - | - | - | - | - | 87,262 | - | 87,262 |
| Property costs | 280,622 | 93,542 | 374,164 | 243,209 | 20,114 | 229,124 | 12,059 | 878,670 |
| Professional fees | 60,000 | - | 60,000 | - | 24,000 | 3,069,800 | - | 3,153,800 |
| TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES | \$ 38,158,792 | \$ 5,072,232 | \$ 43,231,024 | \$ 12,471,626 | \$ 5,984,232 | \$ 5,078,040 | \$ 222,272 | \$ 66,987,194 |
| CHANGE IN NET ASSETS | (238,995) | (1,251,240) | (1,490,235) | (533,058) | 1,688,504 | 3,870,788 | 1,061,804 | 4,473,421 |

Part 7

CCRC Monthly Care Fees

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2]**. Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.
2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.
3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.
4. Check *each* of the appropriate boxes.
5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: "projected costs, prior year per capita costs and economic indicators." Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

FORM 7-1

REPORT ON CCRC MONTHLY CARE FEES

| | RESIDENTIAL LIVING | ASSISTED LIVING | MEMORY CARE | SKILLED NURSING |
|---|-----------------------|---------------------|----------------|---------------------|
| 1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable) | <u>\$1050-11159</u> | <u>\$1050-11159</u> | <u>\$0.00</u> | <u>10400-18,720</u> |
| 2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | <u>4%</u> | <u>4%</u> | <u>\$0.00</u> | <u>4%</u> |

Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: 01/01/2025
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

- Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
Date of Notice: 10/31/2024 **Method of Notice:** Meeting/Letter
- At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 10/29/2024
- At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The Provider distributed the documents to all residents by [Optional - check all that apply]:
 - Emailed the documents to those residents for whom the provider had email addresses on file
 - Placed hard copies in resident cubby
 - Placed hard copies at designated locations
 - Provided hard copies to residents upon request, and/or
 - Other: [please describe] _____
 - Date of Notice:** 10/31/2024

- The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
Date of Notice: 10/14/2024

- The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: 10/14/2024 **Location of Posting:** Mail room,Bulletin boards,Elevetors

- Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.
Date of Posting: 10/14/2024 **Location of Posting:** Mail room,Bulletin boards,Elevetors

5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: Ararat Home of Los Angeles, Inc **COMMUNITY:** Ararat Gardens

**Ararat Home of Los Angeles, Inc.
Continuing Care Annual Report
Year Ended December 31, 2025**

Form 7-1 Report on CCRC Monthly Care Fees – Ararat Gardens and Post Acute

Item #5 Explanation:

Monthly care fee increase was due to higher labor, food and insurance expenses in 2025 versus 2024.

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2]**. Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.
2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.
3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.
4. Check *each* of the appropriate boxes.
5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: "projected costs, prior year per capita costs and economic indicators." Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

FORM 7-1

REPORT ON CCRC MONTHLY CARE FEES

| | RESIDENTIAL LIVING | ASSISTED LIVING | MEMORY CARE | SKILLED NURSING |
|---|-----------------------|--------------------|----------------|--------------------|
| 1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable) | | 1,420-6300 | | 9,705-12,000 |
| 2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | | 5% | | 11% |

Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: 03/01/2025
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

- Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
Date of Notice: 1/1/2025 **Method of Notice:** Letter to resident/Family
- At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** _____
- At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The Provider distributed the documents to all residents by [Optional - check all that apply]:
 - Emailed the documents to those residents for whom the provider had email addresses on file
 - Placed hard copies in resident cubby
 - Placed hard copies at designated locations
 - Provided hard copies to residents upon request, and/or
 - Other: [please describe] Posted in common Area
 - Date of Notice:** 01/01/205

- The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
Date of Notice: _____

- The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: _____ **Location of Posting:** _____

- Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.
Date of Posting: _____ **Location of Posting:** _____

5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: Ararat Home of Los Angeles, Inc. **COMMUNITY:** Ararat Nursing Facility and Assisted Living

**Ararat Home of Los Angeles, Inc.
Continuing Care Annual Report
Year Ended December 31, 2025**

Form 7-1 Report on CCRC Monthly Care Fees – Ararat Nursing Facility and Assisted Living

Item #4 Explanation:

As of 1/1/2025, Ararat Nursing Facility and Assisted Living started the following to be in ordinance with the CCRC requirements.

1. Post all rent increases in public view.
2. Conduct a meeting with all residents to notify them and explain to them any rent increases 30 days prior.
3. Provide residents with 14-day advance notice of each meeting.

Item #5 Explanation:

Monthly care fee increase was due to higher labor, food and insurance expenses in 2024 versus 2023.

Part 8

Key Indicators Report

KEY INDICATORS REPORT

Ararat Home of Los Angeles, Inc.

Prepared: 5/20/2026

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

| | Actual | | | | | Projected | Forecasted | | | | Preferred Trend Indicator |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | | 2026 | 2027 | 2028 | 2029 | |
| OPERATIONAL STATISTICS | | | | | | | | | | | |
| 1. Average Annual Occupancy by Site (%) | | | | | | | | | | | |
| 1a. Mission Hills | 77% | 90% | 90% | 89% | 86% | 92% | 94% | 94% | 94% | 94% | n/a |
| 1b. Ararat Gardens & Post Acute | 0% | 0% | 59% | 58% | 59% | 63% | 68% | 70% | 70% | 70% | n/a |
| MARGIN (PROFITABILITY) INDICATORS | | | | | | | | | | | |
| 2. Net Operating Margin (%) | 6.00% | -2.49% | 0.15% | -2.45% | -0.75% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | ↑ |
| 3. Net Operating Margin - Adjusted (%) | 6.00% | -2.49% | 0.53% | -2.08% | -0.78% | 3.80% | 3.00% | 3.00% | 3.00% | 3.00% | ↑ |
| LIQUIDITY INDICATORS | | | | | | | | | | | |
| 4. Unrestricted Cash and Investments | - | \$14,184,006 | \$8,027,125 | \$11,546,801 | \$13,300,000 | \$14,300,000 | \$12,500,000 | \$13,000,000 | \$13,000,000 | \$13,000,000 | ↑ |
| 5. Days Cash on Hand (Unrestricted) | 429 | 355 | 204 | 229 | 229 | 240 | 231 | 231 | 231 | 231 | ↑ |
| CAPITAL STRUCTURE INDICATORS | | | | | | | | | | | |
| 6. Deferred Revenue from Entrance Fees | - | - | \$623,150 | \$433,352 | \$290,446 | \$150,000 | \$80,000 | \$80,000 | \$65,000 | \$65,000 | n/a |
| 7. Net Annual E/F proceeds | - | - | \$191,133 | \$433,352 | \$234,196 | \$180,000 | \$150,000 | \$140,000 | \$100,000 | \$100,000 | n/a |
| 8. Unrestricted Net Assets | \$38,817,533 | \$36,350,086 | \$27,489,705 | \$68,589,415 | \$66,269,309 | \$67,269,000 | \$69,557,000 | \$69,557,000 | \$69,557,000 | \$69,557,000 | ↑ |
| 9. Annual Capital Asset Expenditure | \$246,672 | \$673,192 | \$15,615,777 | \$1,469,650 | \$2,344,253 | \$900,000 | \$700,000 | \$700,000 | \$500,000 | \$500,000 | n/a |
| 10. Annual Debt Service Coverage Revenue Basis (x) | 16.00 | - | 7.13 | 7.19 | 8.76 | 7.52 | 7.62 | 7.85 | 7.85 | 7.85 | ↓ |
| 11. Annual Debt Service Coverage (x) | 16.00 | - | 7.36 | 7.19 | 8.89 | 7.31 | 7.80 | 8.01 | 7.97 | 7.97 | ↓ |
| 12. Annual Debt Service/Revenue (%) | 1.00% | 0% | 1.59% | 1.65% | 1.21% | 1.30% | 1.20% | 1.00% | 1.00% | 1.00% | ↓ |
| 13. Average Annual Effective Interest Rate (%) | 0% | 0% | 5.00% | 5.00% | 5.26% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | n/a |
| 14. Unrestricted Cash & Investments/ Long-Term Debt (%) | 0% | 0% | 76% | 109% | 130% | 120% | 118% | 123% | 123% | 123% | ↑ |
| 15. Average Age of Facility (years) | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | ↓ |

Part 9

Calculation of Refund Reserve Amount

