



Where Loving-Kindness Lives

BANK WEBINAR

September 15, 2023



Agenda

- Organization
- Occupancy & Operational Highlights
- Financial Performance:
 - FYE 12/31/2022 & 2nd Quarter 2023
- 2023 Finance Plan

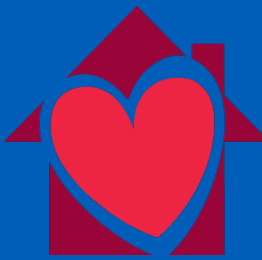
Participants

- Susan Ahern - Acts
 - SVP & Chief Financial Officer
- Peggy Valdivia - Acts
 - VP & Controller
- Amy Castleberry - Ziegler
 - Managing Director
- Jennifer Lavelle - Ziegler
 - Director

ORGANIZATION



The Origin & Culture of Acts



- Founded in 1971
- Church of the Open Door
- Concern of Church Pastor
- Moved Beyond Original Church Sponsorship
- Non-denominational
- Christian Principles

Culture of Loving-Kindness

The Acts Culture of Loving-Kindness is extending **God's grace, goodness, mercy and love** without prejudice to others. Acts embraces loving-kindness, recognizing the inherent value in others through an attitude of **respect and acceptance**, without favor. **Acts is committed to following God's directives to care for seniors** and, in so doing, glorifying Him through intent and purpose.

	1970's	1980's	1990's	2000's	2010's
PA	Ft. Washington Estates Gwynedd Estates Spring House Estates Southampton Estates Lima Estates	Normandy Farms Estates Granite Farms Estates	Brittany Pointe Estates		
FL	St. Andrews Estates	Edgewater at Boca Pointe Indian River Estates		Azalea Trace	
NC		Matthews Glen	Tryon Estates		
SC	 <p><i>Fifty Years of Loving-Kindness</i></p> <p><i>The Evolution of Acts</i></p> <p>50 Years and Counting...</p>			Park Pointe Village	
GA				Lanier Village Estates	
AL				Magnolia Trace	Westminster Village
DE					Cokesbury Village Country House Manor House
MD					Heron Point Buckingham's Choice Bayleigh Chase Fairhaven
NJ				The Evergreens	

- 14 Developed*
- 12 Affiliated*

The Acts Organization

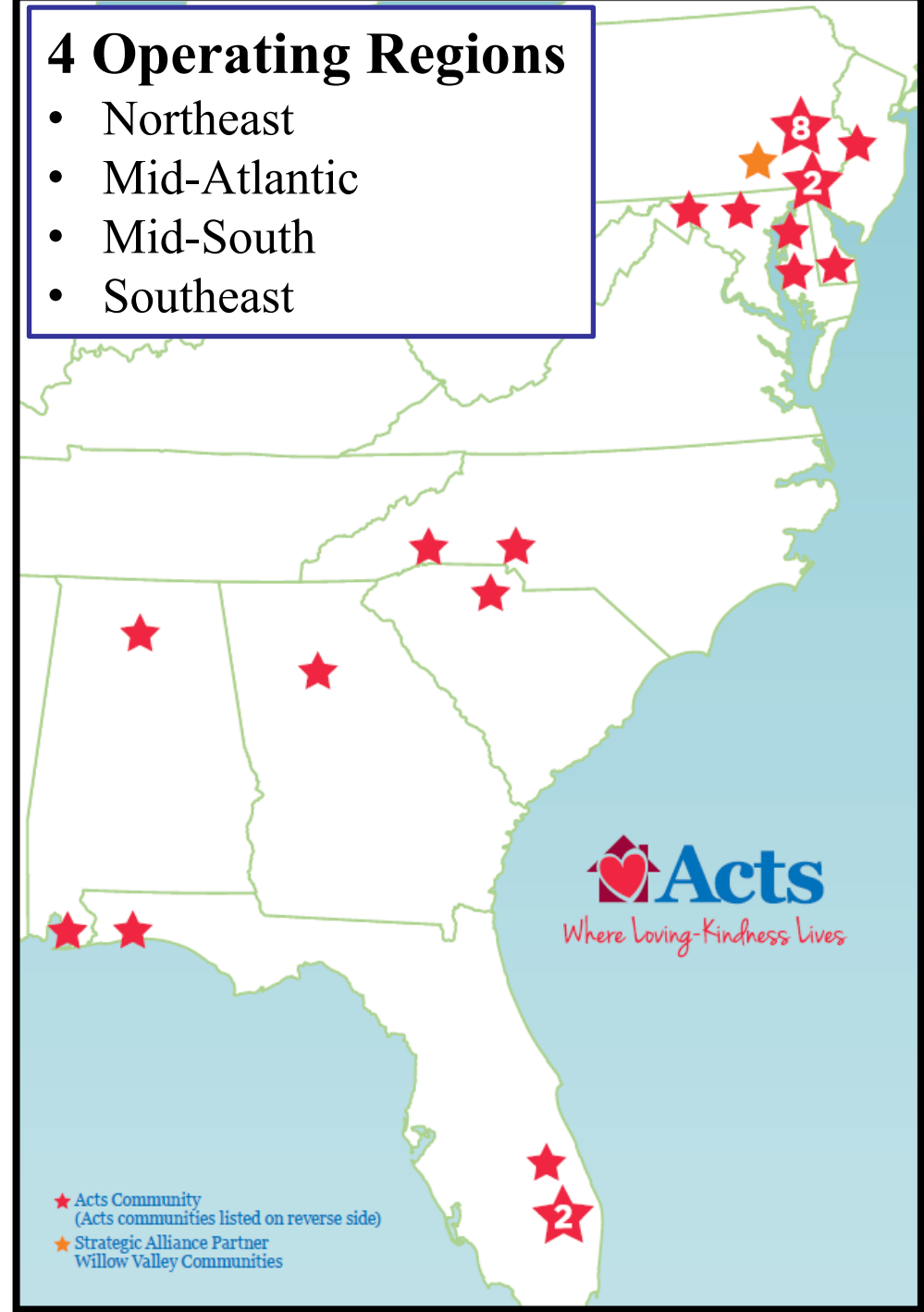
Acts is #3 on the LZ200 of the nation's largest not-for-profit senior living organizations

	2021	2022
# of Retirement Communities	26	26
<i>Independent Living Units</i>	6,701	6,726
<i>Assisted Living Units</i>	1,131	1,146
<i>Skilled Nursing Beds</i>	1,526	1,523
# of Residents	10,067	10,241
# of Employees (ft & pt)	6,750	7,351



4 Operating Regions

- Northeast
- Mid-Atlantic
- Mid-South
- Southeast



A Strategic Alliance

Willow Valley Communities

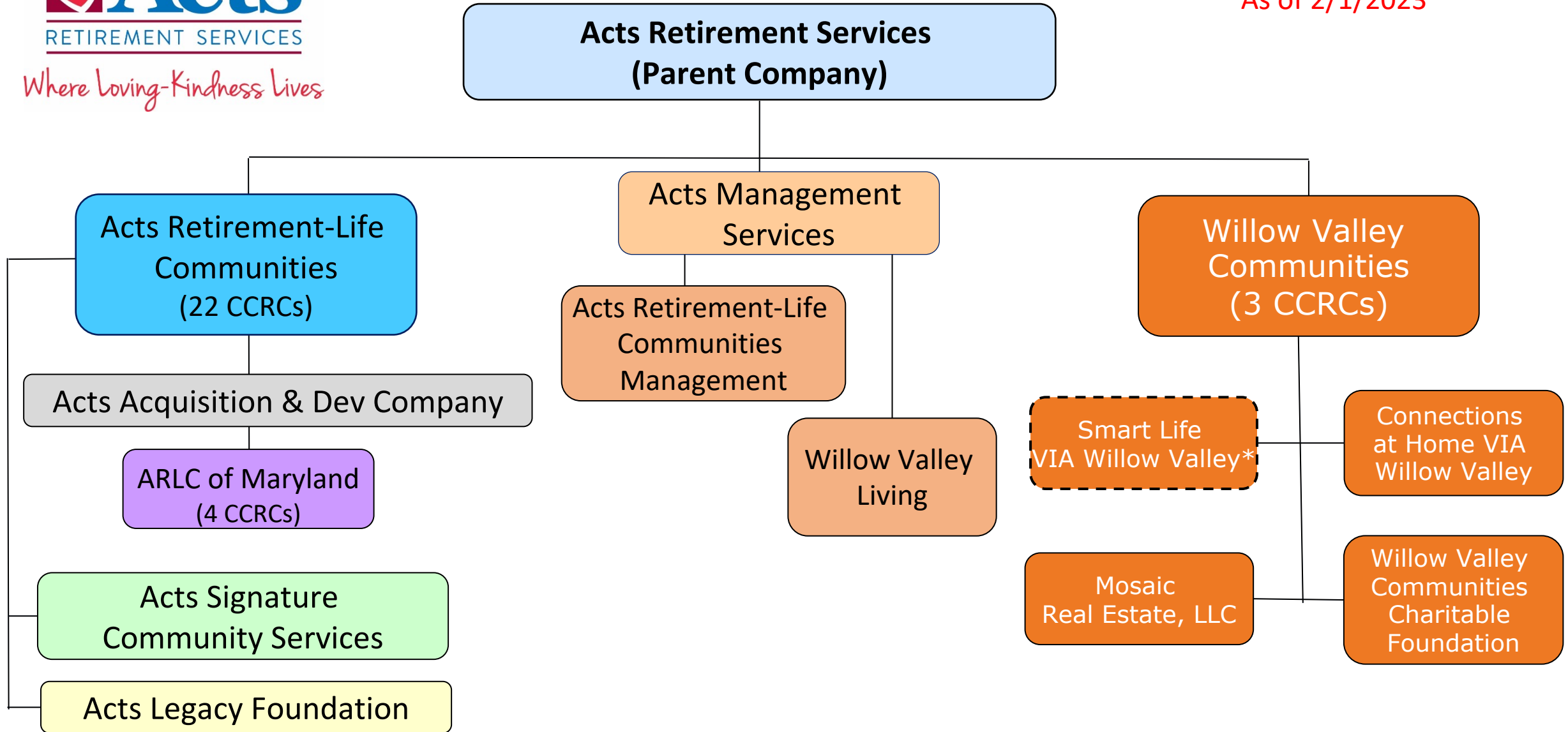


- Three Type A CCRCs in Township of West Lampeter, Lancaster County
- Remains a separate legal entity with its own board, management team and brand



Organizational Structure

As of 2/1/2023

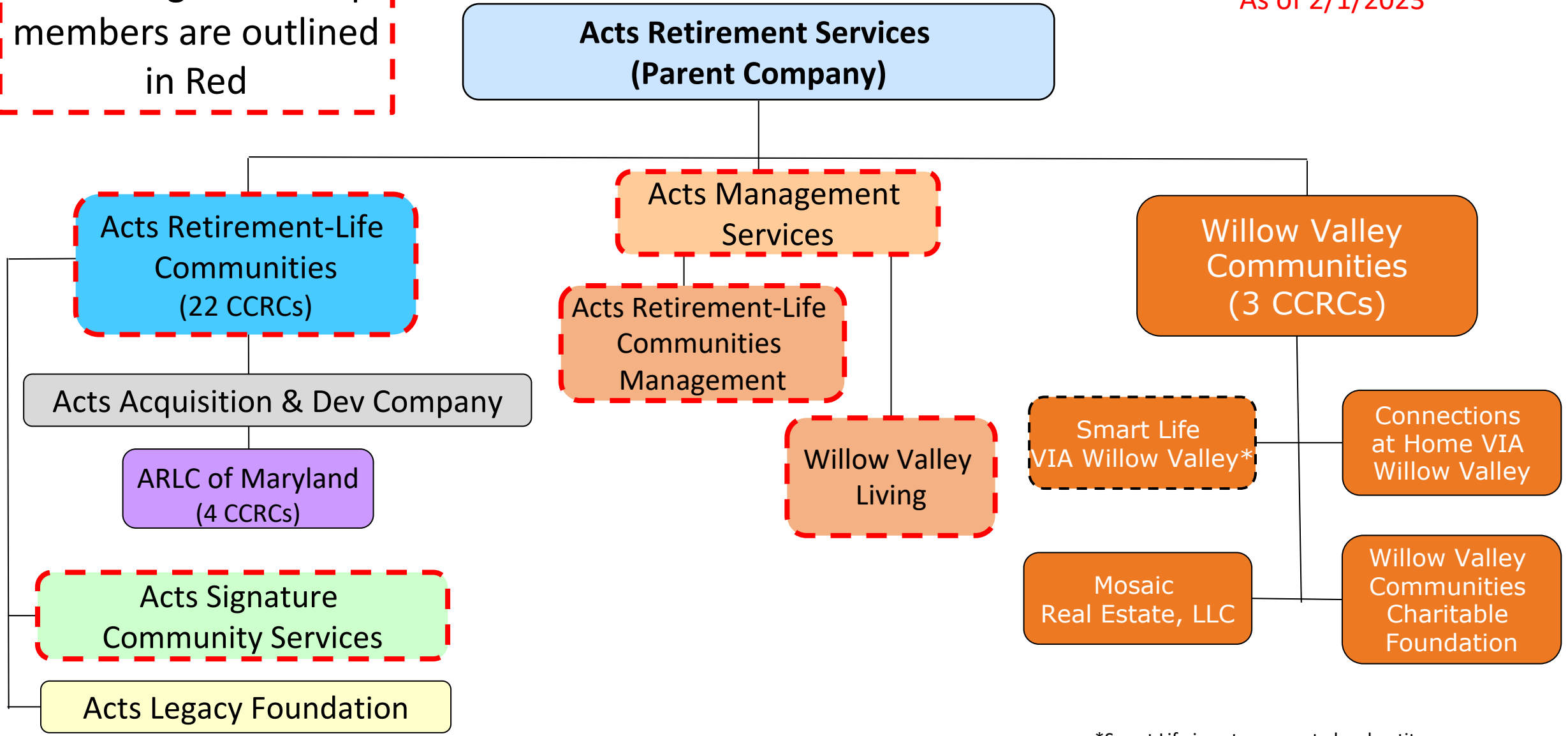


*Smart Life is not a separate legal entity.

Organizational Structure

As of 2/1/2023

Acts Obligated Group members are outlined in Red



*Smart Life is not a separate legal entity.

Board of Directors

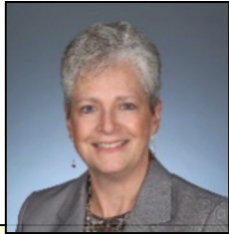
17 Members with approximately
200 Years of Voluntary Service



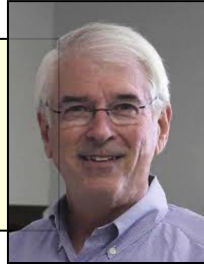
John L. Esterhai, Jr. MD
Chair
Retired Professor; Orthopedic Surgery
Univ. of PA, Medical Center



Michael Kelly
Vice Chair
Retired investment banker & Public
Finance Attorney with B.C. Ziegler



Warren Callaway
Retired Healthcare Executive
Brandywine Hospital, Danville
Regional Health System



Thomas A. Dunn, III
Retired Chief Operating Officer,
Grace College & Seminary



Robert B. Evans
Retired Managing Dir.
Evergreen Investments;
Sr. VP Wachovia Corp.
Resident,
Matthews Glen

Susan Allmond
Retired
Director, Strategic Planning
Catholic Health Initiatives



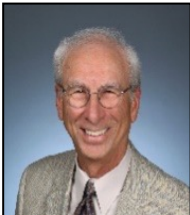
Bruce Detweiler, CPA
Retired Partner,
Detweiler, Hershey & Associates
Resident, Brittany Pointe Estates



Gerald T. Grant
CEO



Jason Greer
Founder and President
Greer Consulting, Inc.



Elric Gerner, Secretary
Retired Executive Sunoco, Inc.
Former Mayor of Swarthmore, PA



Jill Gilbert, CPA
Partner
RKL's Audit
Services Group



Jim Glynn
Co-Founder
GlynnDevins Media Co.
(Now Attane)



Heinz Hegmann
Retired Marketing and
Communications Executive;
Resident of The Evergreens



John Eugene Lammers, MD
Medical Director
Mercy LIFE of Alabama



Daniel W. Lawson, II
Chief Administrative Officer
Brandywine Living

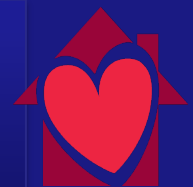


Marvin Mashner, CPA
Retired Acts President
& CEO



Dr. Daniel Middlebrooks
Ministry and Medical Services

*Current and former Acts CEOs, 3 Residents, 3 CPAs, 2 MDs
Also, expertise in Ministry, Strategic Planning, Business, Finance,
Human Resources, Operations, Marketing, Health Care*





Gerald T. Grant
Chief Executive Officer



Management Council

*25 Members With Over
525 Years of Service to Acts*



Karen I. Christiansen
President

Executive Vice Presidents



Glenn Fox
General Counsel



Jonathan Grant
Chief Operating Officer



Jefferson D. Kaighn
Chief Administrative Officer

Senior Vice Presidents



Susan Ahern
Chief Financial Officer



Deirdre Groenen
Chief Human Resources Officer



Peter Kress
Chief Innovation Officer



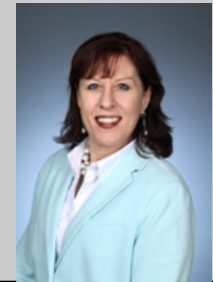
Jeremy Neely
Community Operations



James Petty
Strategy & Mission Development



Holly Schade
Chief Clinical Officer



Lori Woodward
Chief Marketing Officer

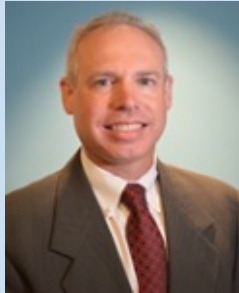
Management Council

25 Members With Over 525 Years of Service to Acts



Where Loving-Kindness Lives

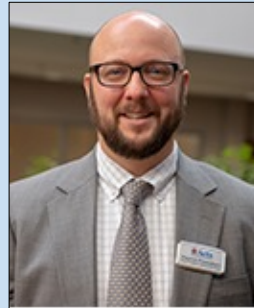
Vice Presidents



Sean Fletcher
Construction Services

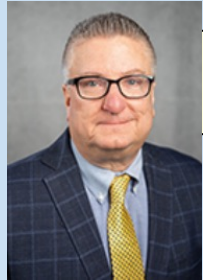


Megan Longley
Sales



Patrick Plumadore
Hospitality and
Restaurant Services

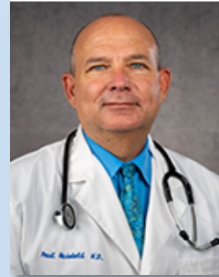
Peggy Valdivia
Controller



Christopher Hartman
Information Technology

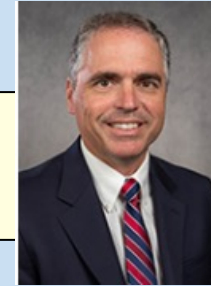


Teresa Moore
Resident Health
Services

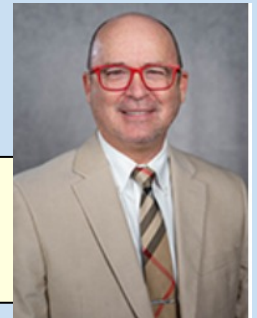


Dr. Paul Reinbold
Chief Medical Director

**Brian
Rounsavill**
Procurement



David Vega
Operations Analysis
& Compliance



Vice Presidents - Operations



George Bryan
Southeast Region



Stephen Eggles
Mid-South Region



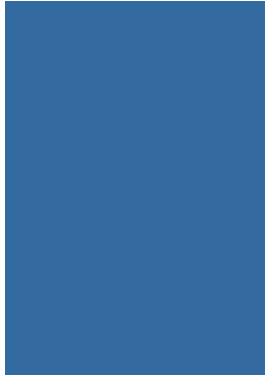
Steve LaPierre
Northeast Region



Terri White
Mid-Atlantic
Region



Where Loving-Kindness Lives



OCCUPANCY & OPERATIONAL HIGHLIGHTS

Continued Growth

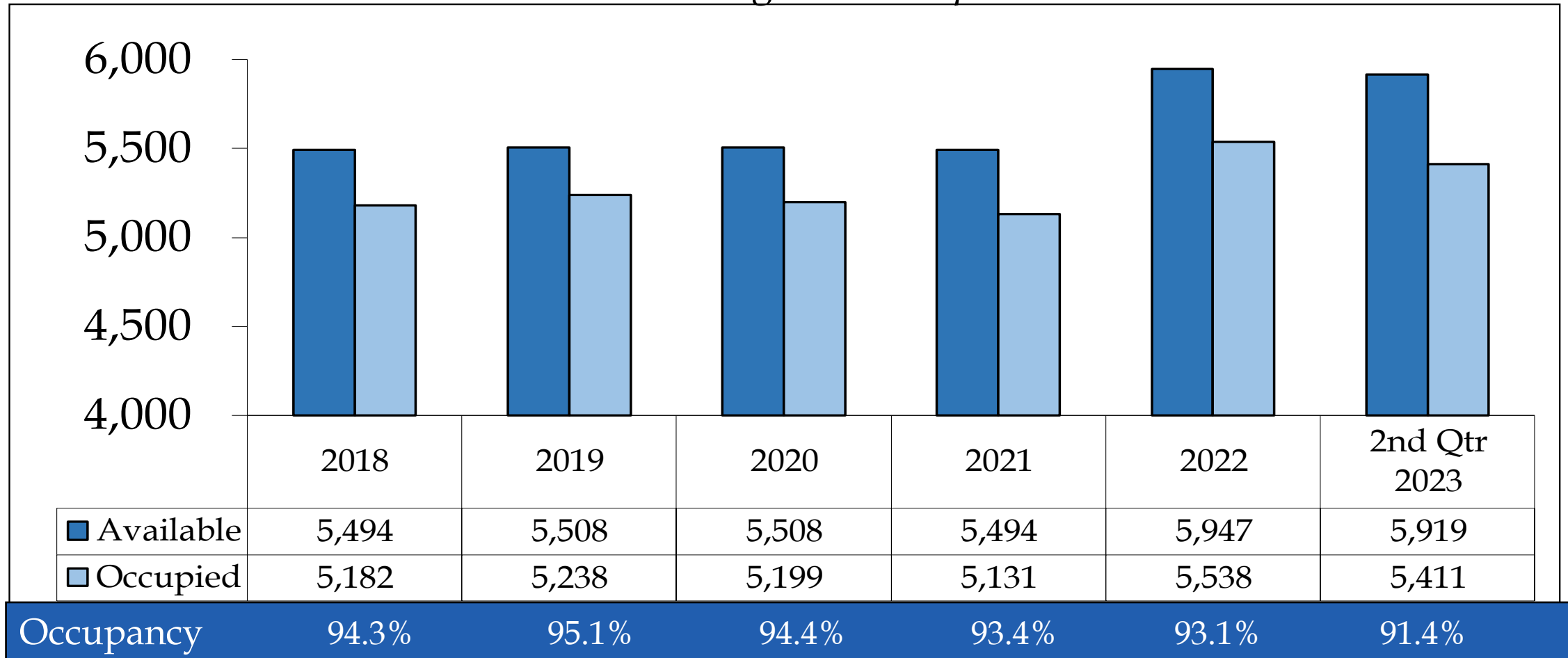


Independent Living Expansions:

Community	Description	Timeline
Country House	20 cottages, 62 apartments	Complete Oct 2023
Lanier Village Estates	31 carriage homes	Complete
Matthews Glen	16 villas, 72 maison court apartments	Underway
Indian River Estates	16 duplex villas	Complete

Independent Living Occupancy

Acts Obligated Group



Occupied, Committed and Selected Units of 95%



Independent Living Occupancy

As of December 31, 2022

Acts Obligated Group

Region	Percent Occupied	Percent Occupied & Committed
Northeast	93.8%	94.8%
Mid-Atlantic	92.5%	92.8%
Mid-South	96.5%	97.5%
Southeast	90.2%	93.3%

Strategic and Safe Re-Opening of Communities

Throughout 2022, COVID-19 protocols, policies and restrictions were strategically and safely lifted, providing for the return of pre-pandemic services and amenities

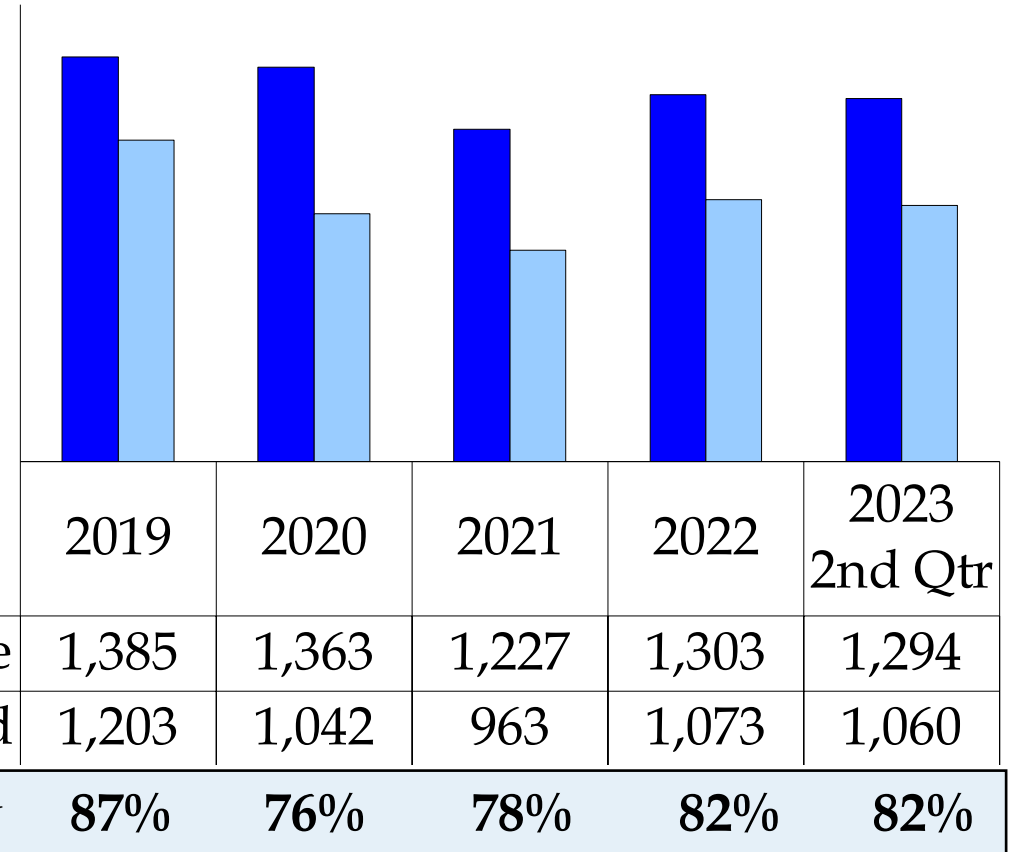
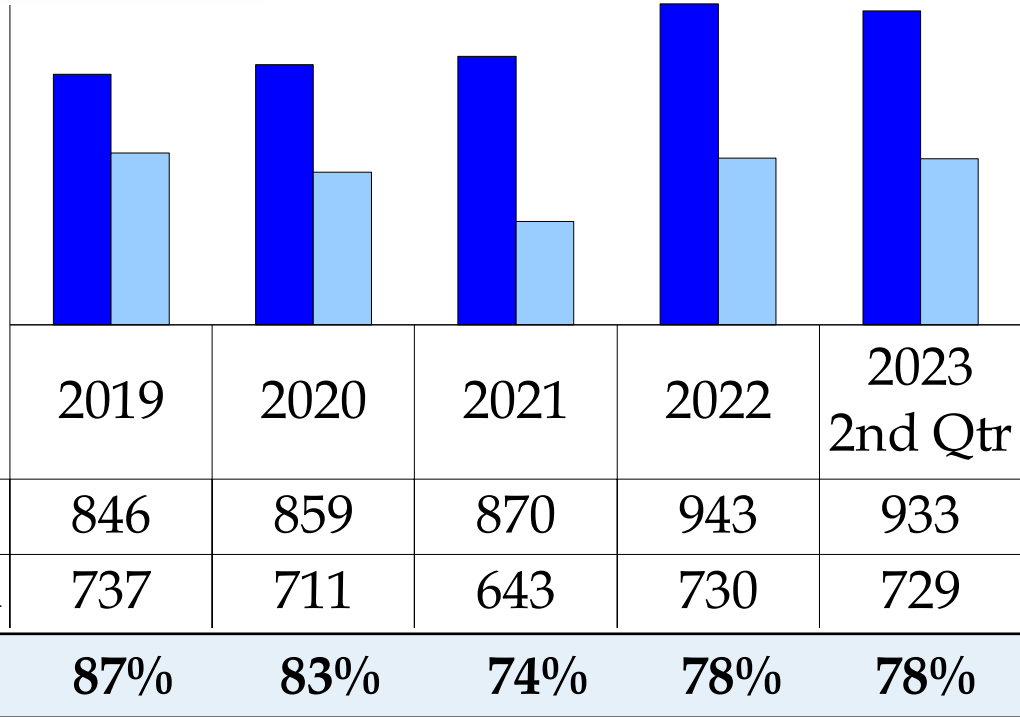
- Prioritize resident engagement and mental health with safety and security
- Utilize all tools of prevention, vaccination, and testing
- Efficient screening processes (Accushield)
- Resist closure of services in response to labor challenges
- Key to maintaining resident satisfaction & enhancing sales efforts





Health Care Center Occupancy

Annual Average



2022	CMS 5 Star Rating	# of Deficiencies
Total Acts Avg.	4.3	3.4
National Avg.	2.9	8.5



Team Member Service Awards

In 2022, a total of 630 individuals celebrated benchmark anniversaries

Team Member Retention

	Turnover Ratio
Year	Full Time Staff
2017	15.4%
2018	15.7%
2019	16.7%
2020	18.7%
2021	26.6%
2022	21.4%
2023	20.1%

Years of Service	Total Employees
45	2
40	13
35	0
30	9
25	41
20	58
15	98
10	109
5	300

Recruitment & Retention Strategies

Policies & Programs

- Compensation and benefit adjustments
- Rapid response team; new hire surveys
- Enhancing training for leaders

Technology Investments

- Applicant tracking and onboarding system deployed
- Self-service scheduling and shift exchange
- Microsoft Teams employee app
- Volunteer Matters volunteer management program



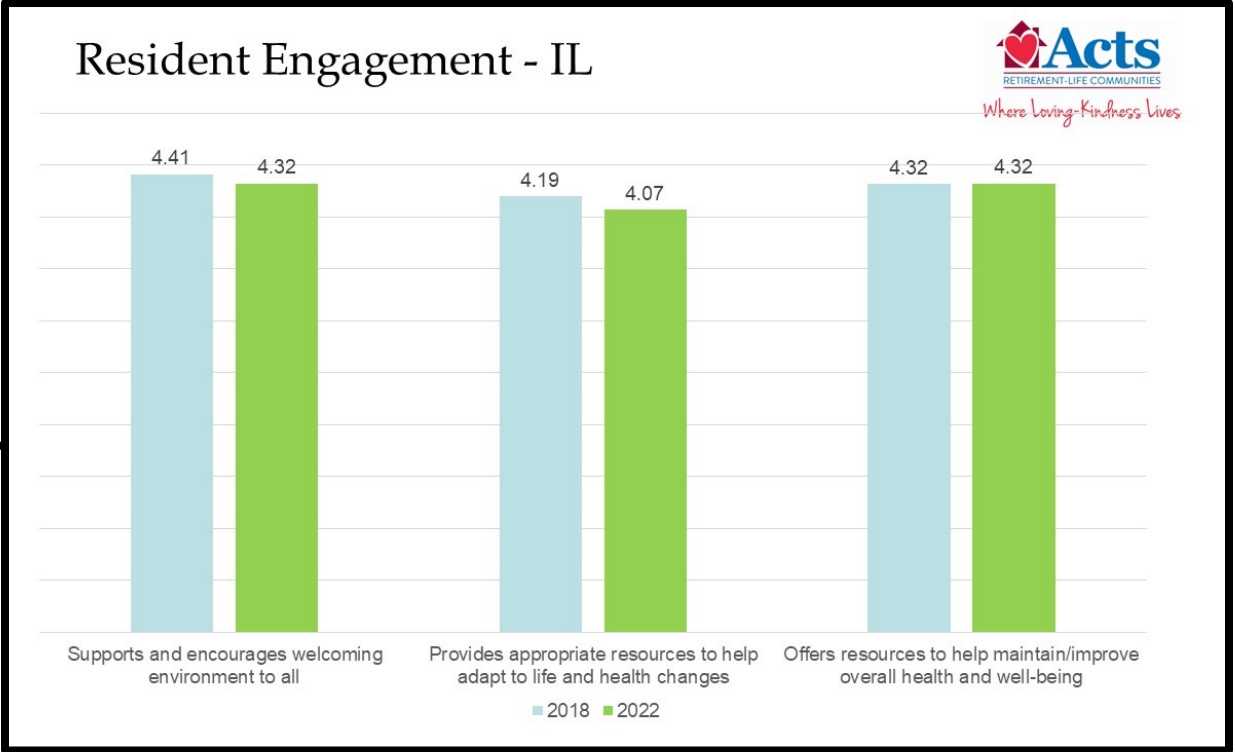
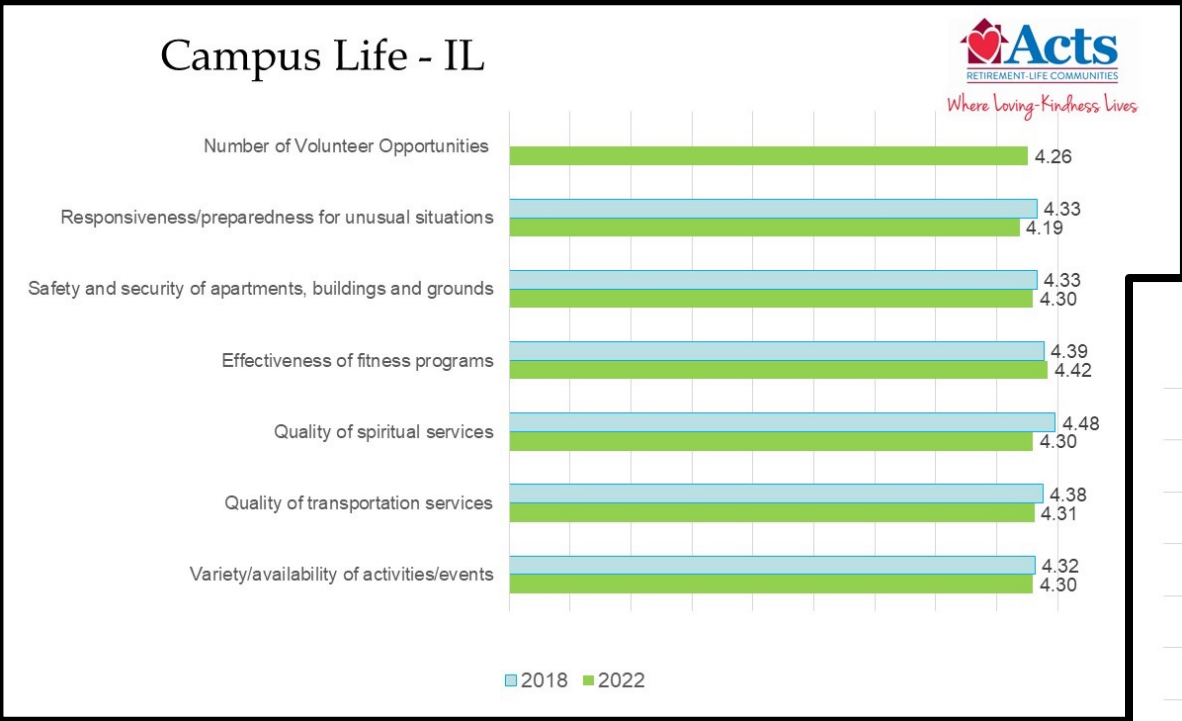
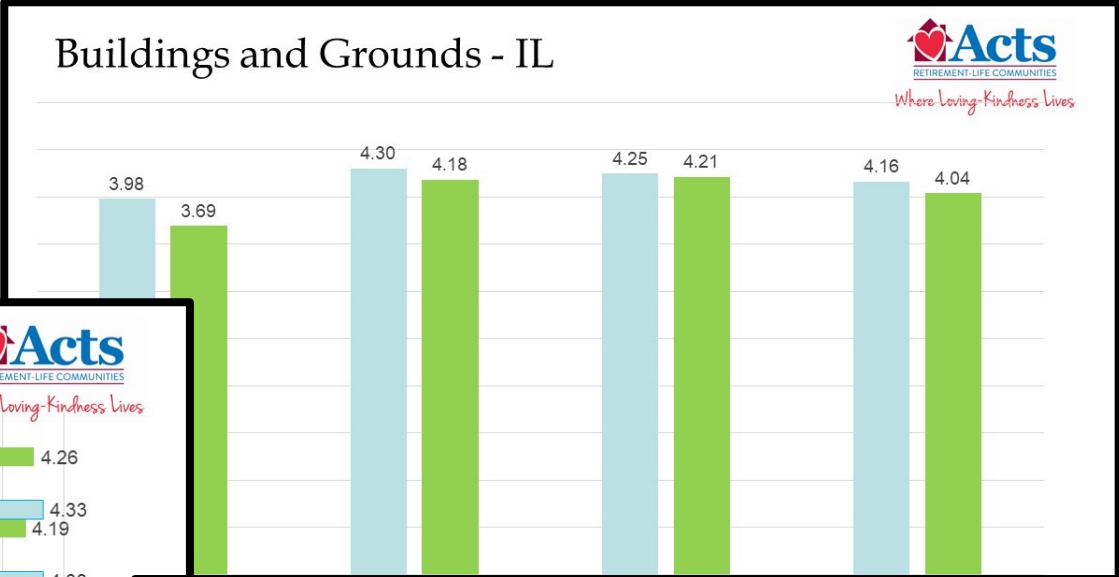
Technology Advancements



Resident Experience:

- **MealSuite** point of service system (restaurants) deployed across all communities
- **Eatapp** meal reservations program deployed in two communities, and now rolling out across the organization
- **K4 App** expanded to full deployment in three communities, pilots in additional nine communities, now including Alexa
- **LinkedSenior** resident therapeutic engagement deployed in settings supporting memory care
- Primary care (**NextGen**) solution piloted
- Cottage **WIFI** connectivity expanded on several campuses with significant WIFI upgrades and expansions underway
- **Smart Apartment** early pilots under way

Resident Survey 2022





FINANCIAL PERFORMANCE
ACTS OBLIGATED GROUP



Balance Sheet Analysis

Acts Obligated Group

<i>(in millions)</i>	<u>2021</u>	<u>2022</u>	<u>6/30/2023</u>
Total Assets	\$1,990.3	\$2,046.6	\$ 2,063.3
<i>Cash & Investments</i>	465.8	403.8	393.5
<i>Property & Equipment</i>	1,449.0	1,561.4	1,592.9
<hr/>			
Total Liabilities	1,824.5	1,931.6	1,934.5
<i>Long-Term Debt</i>	811.7	787.2	782.6
<i>Unearned Entrance Fees</i>	824.2	897.1	903.1
<hr/>			
Total Net Assets	\$ 165.8	\$ 115.0	\$ 128.8



Operating Statement

Acts Obligated Group (in millions)	2021	2022	Actual 2nd Qtr 2023	Budget 2nd Qtr 2023
Operating Revenue	\$ 518.5	\$ 542.7	\$ 288.6	\$ 286.0
Operating Expenses	516.6	558.3	285.5	288.4
Operating Income	\$ 1.9	\$ (15.6)	\$ 3.1	\$ (2.4)
Other Activity*	6.8	(34.2)	9.7	(0.2)
Change in Net Assets w/o Restrictions	\$ 8.7	\$ (49.8)	\$ 12.8	\$ (2.6)

* Includes unrealized gain (loss)



Cash Flow Activity

Acts Obligated Group

(in millions)	2021	2022	Actual 2nd Qtr 2023	Budget 2nd Qtr 2023
Cash Revenue	\$ 409.7	\$ 428.7	\$ 227.3	\$ 227.3
Cash Expenses	405.1	444.5	226.9	229.2
Operating Surplus	4.6	(15.8)	0.4	(1.9)
Net Resale Entrance Fees	138.9	163.6	61.2	43.0
Net Cash Flow	\$ 143.5	\$ 147.8	\$ 61.6	\$ 41.1

Key Financial Indicators

Acts Obligated Group

	2021	2022	Actual 2nd Qtr 2023	Budget 2nd Qtr 2023
Liquidity				
Days Cash on Hand	297	251	233	250
Capital Structure				
Debt Service Coverage	3.6x	3.1x	3.3x	2.8x
Debt to Assets	38%	36%	36%	36%
Profitability				
Operating Ratio	98.9%	103.7%	99.8%	100.9%
Operating Margin	0.4%	-2.9%	1.1%	-0.8%
Operating Margin-adjusted	23.8%	23.5%	19.5%	13.4%



Where Loving-Kindness Lives

2023 Finance Plan

Summary of 2023 Financing

(Preliminary, subject to change)

- **Tax-exempt bonds issued in amount up to \$75 million**
 - For use at Pennsylvania and Delaware communities
 - Reimburse line of credit approximately \$53 million
 - *Majority Country House expansion*
 - Establish new money project fund
 - *Majority Gwynedd Estates healthcare center*
 - Funded interest – 1 year
 - Secured under the MTI and includes a gross revenue pledge
 - *1.20x Debt Service Coverage tested annually*
 - *90 Days Cash on Hand tested semi-annually*





Before addition
of north and
south wings



After addition of
north and south
wings



Country House Cottages





Golf Simulator



New bistro
café with
pizza oven

Summary of 2023 Financing

(Preliminary, subject to change)

- Establish a \$17 million project fund to support planned capital improvements at DE and PA Communities.

Project Scope	Communities
Construct or expand skilled nursing center, assisted living suites and/or memory care	Gwynedd Estates
Renovate skilled nursing centers	Springhouse Estates, Granite Farms Estates, Southampton Estates, Manor House, Cokesbury Village, Country House





Covenant Compliance

Pro Forma Debt Service Coverage

	6/30/2023	12/31/2022
Cash Flow Available for Debt Service	\$179,223	\$154,212
Historical Maximum Annual Debt Service	54,074	54,074
Historical Debt Service Coverage	3.3x	2.9x
Pro Forma Maximum Annual Debt Service	60,504	60,504
Pro Forma Debt Service Coverage	3.0x	2.5x
Pro Forma Maximum Annual Debt Service (reduced by 12 months Cap-I)	56,567	56,567
Pro Forma Debt Service Coverage	3.2x	2.7x

Debt Service Coverage Ratio Requirement of 1.20x (tested each Fiscal Year)

In Summary

- Continued financial strength
 - *Effectively use entrance fees to support operations*
- Significant capital investment in communities
 - *Focus on privacy in higher levels of care and meeting needs and desires of future residents*
- Expansion opportunities enhance financial performance
 - *ILU expansions add profitability*
- Growth supports key strategic objectives & provides management fee revenue to the Acts Obligated Group
 - *Issue additional debt while maintaining a 3.0x DSC*





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