PHI (D.B.A. Presbyterian Senior Living)

Consolidated Financial Statements

December 31, 2021 and 2020

Certification of Chief Executive and Chief Financial Officers

We are responsible for the consolidated financial statements of Presbyterian Senior Living, as of December 31, 2021 and 2020, and attest that they are accurate, complete and fairly presented.

The accuracy and completeness of financial information depends on our systems, processes, and most importantly, our integrity. Our commitment to integrity is reflected in the code of conduct that the leadership of Presbyterian Senior Living has established as the standard for the entire organization. We believe that this commitment, our processes and internal controls produce financial information that can be trusted.

Consolidated financial statements report our financial position and results using numbers and prescribed rules. They also include a significant amount of information that is required by financial reporting standards. We believe these consolidated financial statements disclose information that is important to create a complete picture of our stewardship of financial resources.

Consolidated financial statements alone can never reflect the breadth and depth of our stewardship of this ministry. They do not report on our most significant assets, our employees and volunteers. They also do not reflect our most important stewardship role: our commitment to provide Christian understanding and compassion to those seniors entrusted to our care. We believe that we continue to successfully fulfill the financial and nonfinancial aspects of our mission, extending a proud tradition of a combined ministry that has served older persons guided by the life and teachings of Jesus for the past 115 years.

Finally, we believe in openly and honestly sharing information. Please feel free to contact either of us if you have questions on any part of this report, or if we can be of further assistance in understanding Presbyterian Senior Living's mission.

Jim Bernardo
Chief Executive Officer
Presbyterian Senior Living

Dyan McAlister
Chief Financial Officer
Presbyterian Senior Living

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Independent Auditors' Report

To the Board of Trustees of
Presbyterian Senior Living

Opinion

We have audited the consolidated financial statements of PHI, doing business as Presbyterian Senior Living, and its subsidiaries (the Corporation), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2021 and 2020, and the results of their operations, changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of certain affiliates of the Corporation, which statements reflect total assets constituting 22 percent and 23 percent of consolidated total assets as of December 31, 2021 and 2020, respectively, and total operating revenues and other support constituting 5 percent of consolidated total operating revenues, gains and other support for the years then ended December 31, 2021 and 2020. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 8, 2022

PHI (D.B.A. Presbyterian Senior Living)

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 18,168,017	$ 17,630,395
Investments	109,337,247	86,277,104
Restricted deposits and funded reserves	24,981,579	28,362,783
Accounts receivable, net	12,697,887	13,579,598
Assets whose use is limited	55,954,944	22,380,883
Assets held for sale	900,000	4,450,618
Property and equipment, net	540,023,548	550,792,961
Funds held in trust by others	21,414,680	20,257,550
Other assets	25,200,846	13,136,091
Total assets	$ 808,678,748	$ 756,867,983
Liabilities and Net Assets		
Accounts payable	$ 12,756,185	$ 14,471,620
Accrued expenses	18,398,390	21,472,839
Lines of credit	20,593,443	19,212,412
Resident deposits	3,362,691	7,210,046
Entrance fee payable	20,773,675	23,304,009
Other liabilities	9,583,218	8,797,344
CARES Act funding liabilities	4,615,350	17,161,133
Long-term debt, senior living	294,450,289	276,799,001
Long-term debt, low-income housing	32,826,604	43,910,457
Deferred revenue from entrance fees	121,601,721	112,158,263
Total liabilities	538,961,566	544,497,124
Net Assets		
Without donor restrictions before noncontrolling ownership interest in limited partnerships	170,095,146	122,515,746
Noncontrolling ownership interest in limited partnerships	68,404,245	60,087,745
Total net assets without donor restrictions	238,499,391	182,603,491
With donor restrictions	31,217,791	29,767,368
Total net assets	269,717,182	212,370,859
Total liabilities and net assets	$ 808,678,748	$ 756,867,983

See notes to consolidated financial statements

	2021	2020
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	$ 200,148,787	$ 209,684,750
Amortization of entrance fees	20,386,341	18,850,991
Total resident services	220,535,128	228,535,741
Sales of other services and materials	76,575	197,654
Net rental income and developers' fees	1,073,752	1,042,407
Contributions, gifts and bequests	7,879,638	752,360
Government stimulus	5,511,023	12,993,000
Government grants	11,823,109	1,000,900
FEMA funding	5,742,262	-
Net assets released from restrictions	1,055,711	1,075,665
Total operating revenues and other support	253,697,198	245,597,727
Expenses:		
Nursing services	57,977,833	62,397,686
Rehabilitation	13,672,434	14,873,119
Recreation and special services	4,643,400	4,775,818
Pharmacy	2,755,771	3,069,580
Social services	1,584,163	1,646,334
Physician services	767,482	752,903
Food services	24,256,149	25,597,924
Building operations and maintenance	37,388,810	36,049,988
Housekeeping	4,209,356	4,230,361
Laundry and linen	1,224,705	1,310,355
Management and general	34,819,466	36,431,711
Employee benefits	9,880,143	13,266,700
Interest	8,730,930	8,541,652
Depreciation	30,872,924	29,714,156
Amortization	483,389	483,378
Fundraising	887,982	829,501
Total expenses before nonrecurring expenses	234,154,937	243,971,166
Nonrecurring expenses, COVID-19	2,244,313	16,766,401
Operating income (loss) before gains and losses	17,297,948	(15,139,840)
Gain (loss) on sale of community and disposals of property and equipment	10,962,063	(176,432)
Loss on impairment of asset	(3,550,230)	-
Operating income (loss)	24,709,781	(15,316,272)
Other income (loss):		
Investment income	2,973,283	2,297,607
Realized gain on investments	3,833,422	5,235,059
Unrealized gain on investments	11,847,575	2,941,432
Equity received from acquisition	1,689,406	-
Loss on early extinguishment of debt	(1,518,104)	(75,093)
Total other income	18,825,582	10,399,005
Revenues in excess of (less than) expenses	43,535,363	(4,917,267)
Equity received from tax credit limited partners	12,360,537	2,251,289
Increase (decrease) in net assets without donor restrictions	55,895,900	(2,665,978)

See notes to consolidated financial statements

	2021	2020
Net Assets With Donor Restrictions		
Contributions, gifts, grants and bequests	$ 750,006	$ 1,271,429
Investment income, net of investment expense	91,951	178,246
Unrealized gain on investments	1,664,177	1,316,949
Net assets released from restrictions	(1,055,711)	(1,075,665)
Increase in net assets with donor restrictions	1,450,423	1,690,959
Increase (decrease) in net assets	57,346,323	(975,019)
Net Assets, Beginning	212,370,859	213,345,878
Net Assets, Ending	$ 269,717,182	$ 212,370,859

See notes to consolidated financial statements

	2021	2020
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 57,346,323	$ (975,019)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	30,872,924	29,714,156
Provision for doubtful collections	1,439,800	1,829,978
Proceeds from nonrefundable entrance fees and deposits	22,095,931	16,334,032
Amortization of entrance fees	(20,386,341)	(18,850,991)
Loss on early extinguishment of debt	1,518,104	75,093
Unrealized gain on investments and change in fair value of funds held in trust by others	(13,511,752)	(4,258,381)
Realized gain on investments	(3,833,422)	(5,235,059)
(Gain) loss on sale of community and disposals of property and equipment	(10,962,063)	176,432
Contributions restricted for long-term purposes	(74,871)	(28,411)
Amortization of deferred financing costs	187,427	198,995
Amortization of bond premium	(218,313)	(26,761)
Loss on impairment of asset	3,550,230	-
Changes in assets and liabilities:		
Accounts receivable	(1,672,211)	2,793,118
Entrance fee receivable	1,167,573	(203,782)
Other assets	(1,320,398)	1,888,636
Accounts payable	3,308,165	(1,089,542)
Accrued expenses	(2,242,936)	471,488
Other liabilities	1,173,839	1,958,259
CARES Act funding liabilities	(12,545,783)	17,161,133
Net cash provided by operating activities	55,892,226	41,933,374
Cash Flows From Investing Activities		
Acquisition of property and equipment	(35,090,417)	(53,138,694)
Proceeds from sale of communities and property and equipment	25,300,000	1,023,316
Amounts paid in acquisitions	(11,095,000)	-
Purchases of investments	(48,732,820)	(37,477,863)
Proceeds from sale of investments	43,598,858	38,979,514
Net cash used in investing activities	(26,019,379)	(50,613,727)
Cash Flows From Financing Activities		
Payment of accounts payable, construction	(7,786,713)	(6,305,091)
Refunds of entrance fees and deposits	(6,542,091)	(7,128,315)
Proceeds from refundable entrance fees and deposits, resales	1,708,110	1,874,262
Proceeds from refundable entrance fees and deposits, new units	8,779,487	7,349,318
Principal payments on redemptions of long-term debt	(16,641,931)	(15,231,445)
Proceeds from issuance of long-term debt	33,951,071	39,272,252
Proceeds from bond premium	7,151,245	-
Early payoff of long-term debt	(18,160,721)	(3,430,000)
Redemption of bonds held in treasury	(225,000)	-
Financing costs paid	(1,093,590)	(279,159)
Borrowings (repayments) on lines of credit	1,381,031	(986,378)
Contributions restricted for long-term purposes	74,871	28,411
Net cash provided by financing activities	2,595,769	15,163,855
Net change in cash, cash equivalents and restricted cash and cash equivalents	32,468,616	6,483,502
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	53,129,739	46,646,237
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 85,598,355	$ 53,129,739
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amount capitalized	$ 6,808,695	$ 6,759,266
Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	$ 2,065,066	$ 7,786,713
Long-term debt refinanced	$ 38,099,320	$ -
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 18,168,017	$ 17,630,395
Cash and cash equivalents included in investments	4,959,555	4,508,640
Restricted cash and cash equivalents in:		
Restricted deposits and funded reserves	12,927,025	12,894,110
Assets whose use is limited	49,543,758	18,096,594
Total cash, cash equivalents and restricted cash and cash equivalents	$ 85,598,355	$ 53,129,739

See notes to consolidated financial statements

1. General Information

PHI (d.b.a. Presbyterian Senior Living) (the Corporation), a not-for-profit corporation, is the parent corporation of Presbyterian Homes, Inc., Presbyterian Homes in the Presbytery of Huntingdon, Presbyterian Homes in the Presbytery of Huntingdon Foundation, Presbyterian Senior Living Services, Inc. d.b.a. Glen Meadows Retirement Community, Quincy Retirement Community, The Long Community, Inc., PHI Investment Management Services, Inc., PHI Services, Inc., Cathedral Village, Presbyterian Apartments, Inc., Geneva House, Inc., The Shepherds in Monroe County, Inc., Presbyterian Senior Living Housing Management Corporation. Presbyterian Homes, Inc., PHI Investment Management Services, Inc., Presbyterian Homes in the Presbytery of Huntingdon, Quincy Retirement Community, the Long Community, Inc. and Cathedral Village comprise an "Obligated Group" for financing purposes.

The Corporation is the managing general partner of the following limited partnerships, which operate Low-Income Housing Tax Credit Communities: Schartner House Associates LP, Westminster Place at Parkesburg, LP, Westminster Place at Windy Hill LP, I, Westminster Place at Carroll Village LP, I, Stewartstown Courtyard LP, Westminster Place at Bloomsburg, LP, Westminster Place at Ware Presbyterian Village, LP, Westminster Place at The Long Community LP, Westminster Place at Quincy Village LP, Silver Spring Courtyards, LP, SS Gardens LP, Shrewsbury Courtyards Associates LP, Shrewsbury Courtyards II Associates, S Overlook LP, Stony Brook Gardens LP, PHI Stadium Place Senior Care, Inc., Northampton Place at Easton, LP, Westminster Place at Queen Street LP, Long Crest Senior Housing LP, Ross Presbyterian Senior Housing LP, Wisteria Commons Senior Housing LP, Oaks Senior Community LP, Barrett School Senior Living LP, Westminster Place at Ware Senior Housing, Westminster Place at Windy Hill LP, II and Westminster Place at Huntingdon LP. The amount of equity provided by the investor limited partners is included on the consolidated statements of financial position in net assets without donor restrictions as a noncontrolling interest, and the amount received in the current year on the consolidated statements of operations and changes in net assets as equity received from tax credit limited partners. Equity received from tax credit partners was $12,360,537 in 2021 and $2,251,289 in 2020. Revenues less than expenses attributed to noncontrolling interest totaled $(4,044,037) in 2021 and $(3,568,760) in 2020. Change in net assets attributed to the noncontrolling interest totaled $8,316,500 in 2021 and $(1,317,471) in 2020.

These limited partnerships have been qualified and allocated low-income housing tax credits to construct living facilities for seniors pursuant to Internal Revenue Code (IRC) Section 42 (Section 42), which regulates the use of the facilities as to the occupant income eligibility and the unit gross rent, among other requirements. The facilities must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. In addition, the partnerships have each executed restrictive covenants which require utilization of the facilities pursuant to Section 42 for a minimum of 30 years.

During 2021, the Corporation acquired the common stock of Benchmark Therapies, a contract therapy company, for $11,095,000 and as a result Benchmark Therapies became a subsidiary of the Corporation.

The Corporation also owned 50 percent as of December 31, 2021 and 2020, respectively, of Prelude Systems, Inc., an information technology services organization.

The Corporation provides management services for the above affiliates and is governed by a Board of Trustees. Some of the management employees and members of the Board of Trustees are also members of the Board of Directors of certain affiliated entities. The Corporation's affiliates do business primarily in Pennsylvania, but also in Maryland, Ohio and Delaware.

The following table details the number of beds/units that the Corporation operates as of December 31, 2021:

	Total	Nursing Beds	Personal Care/ Assisted Living	Independent Living	HUD/ Tax Credit
Presbyterian Homes Obligated Group	2,795	768	520	1,507	-
Glen Meadows Retirement Community	264	31	36	197	-
Presbyterian Apartments	165	-	-	83	82
Geneva House	64	-	-	-	64
Rental Communities	1,143	-	-	44	1,099
Total	4,431	799	556	1,831	1,245

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Corporation include the financial position and operations of the accounts of PHI and all of the subsidiaries described in Note 1. These consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. All material intercompany balances and transactions have been eliminated.

Income Taxes

PHI, Presbyterian Homes, Inc., Presbyterian Homes in the Presbytery of Huntingdon, Presbyterian Homes in the Presbytery of Huntingdon Foundation, Presbyterian Senior Living Services, Inc. d.b.a. Glen Meadows Retirement Community, Quincy Retirement Community, The Long Community, Inc., PHI Investment Management Services, Inc., PHI Services, Inc., Cathedral Village, Presbyterian Apartments, Inc., Geneva House, Inc. and Presbyterian Senior Living Housing Management Corporation are not-for-profit organizations as described in Section 501(c)(3) of the IRC and have been recognized as tax-exempt under Section 501(a) of the IRC. Low-Income Housing Tax Credit entities are pass-through entities for tax purposes, and accordingly, the partners are responsible for any taxes due on any allocable taxable income. Benchmark Therapies is a for-profit corporation.

Use of Estimates

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

Cash and Cash Equivalents

The Corporation considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents, for the purposes of the consolidated statements of financial position and cash flows, except for those included in investments or assets whose use is limited. The Corporation's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 per bank. At times during 2021 and 2020, the Corporation's cash balances may have exceeded the FDIC coverage. The Corporation has not experienced any loss in these accounts.

Restricted cash included restricted deposits and funded reserves include the Maryland Department of Aging Operating Reserve, other escrow accounts required under the low-income housing guidelines, and the Obligated Group's statutory liquid reserves. Restricted cash in assets whose use is limited represents cash and cash equivalents held by a trustee under the terms of various bond indentures and permanently restricted investments.

Investments

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

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Accounts Receivable, Net

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired.

Included in accounts receivable, net are entrance fee receivables. Entrance fee receivables are evaluated for collectability prior to residents being admitted to the community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Restricted Deposits and Funded Reserves

Restricted deposits and funded reserves are measured at fair value and are a portion of the investment portfolio allocable to these purposes on the consolidated statements of financial position. The reserves include the Maryland Department of Aging Operating Reserve, other escrow accounts required under the low-income housing guidelines, and the Obligated Group's statutory liquid reserves. The Continuing Care Provider Registration and Disclosure Act in Pennsylvania requires a working capital reserve equivalent to the greater of the total debt service payments due during the next 12 months on account of any loan or long-term financing, or 10 percent of the projected annual operating expenses of the Corporation exclusive of depreciation. The reserve is computed on only the proportional share of financing or operating expenses that are applicable to residence and care agreements. The Corporation met the reserve requirements at December 31, 2021 and 2020.

Assets Whose Use is Limited

Assets whose use is limited primarily include assets held by a trustee under the terms of various bond indentures and future projects along with donor-restricted investments.

Property and Equipment

Property and equipment is stated at cost or, if donated, at fair market value on the date of donation. Depreciation is being provided on the straight-line method over the estimated useful lives of the assets for property and equipment. The Corporation's policy is to capitalize items in excess of $3,000 or for a group of items that are the same or similar in nature or function as a group totaling $3,000 or more and benefits more than one year.

Depreciable lives are determined as follows:

Land improvements	3-35 years
Buildings and improvements	5-75 years
Departmental equipment, furniture and fixtures	1-40 years
Furniture	5-25 years
Vehicles	4-5 years

Costs of Borrowing

The average cost of capital during the period of construction of capital assets is capitalized as a component of construction-in-progress. Interest of $1,176,725 and $1,109,945 was capitalized in 2021 and 2020, respectively.

Assets Held for Sale

Assets held for sale are recorded at the lower of carrying value or net realizable value and are not depreciated.

Sale of Westminster Village Allentown

The Corporation entered into an asset purchase agreement (APA) in June 2021 with a third party to sell certain assets and liabilities of the Westminster Village Allentown community. The sale included approximately $7,000,000 of real property, fixtures and improvements, furniture and equipment, $2,600,000 of deferred revenue from entrance fee contracts and various other business assets and liabilities as defined in the APA all included in the sales price of $19,500,000. The sale closed on October 6, 2021 and operations were transferred as part of the sale at that time. This resulted in a gain on the sale of $14,772,170 during 2021 and is included in operating income in the accompanying consolidated statement of operations and changes in net assets.

Sale of Heritage Run at Stadium Place

The Corporation entered into an asset purchase agreement (APA) in July 2021 with a third party to sell certain assets and liabilities of Heritage Run at Stadium Place campus. The sale included approximately $9,300,000 of real property, fixtures and improvements, furniture and equipment and various other assets and liabilities, as defined in the APA for a sales price of $5,800,000. Proceeds from the sale were used to pay off approximately $7,300,000 of long-term debt of which the Corporation contributed approximately $1,500,000 to pay off the long-term debt. The sale closed on November 15, 2021 and operations were transferred as part of the sale at that time. This resulted in a loss on the sale of $3,653,063 during 2021 and is included in operating income in the accompanying consolidated statement of operations and changes in net assets.

Funds Held in Trust by Others

The Corporation and certain of its affiliates have been named as a beneficiary of several trusts which are administered and controlled by independent trustees. The trusts are recorded as contribution revenue when the Corporation is notified of the trust's existence. The Corporation receives the earnings from these trusts whose principal is to be held in perpetuity. The earnings from the trusts are reported as investment income, increasing net assets without donor restrictions.

Assets held in trust by others are valued based on the estimated fair value of the underlying investments. The change in the fair value of assets held in trust by others is reported as unrealized gains or losses on investments in change in net assets with donor restrictions.

Also included in funds held in trust by others are gift annuities and contributions receivable from charitable remainder trusts that are held by an independent trustee. Periodic payments are made until the death of the annuitant. These annuities are recorded at the present value of the annuity amount discounted at the contract rate over the estimated remaining life of the annuitant.

A summary of these funds as of December 31 is as follows:

	2021	2020
Beneficial interest in perpetual trusts	$ 21,058,000	$ 19,675,603
Gift annuities	13,315	15,611
Contributions receivable from remainder trusts	343,365	566,336
Total funds held in trust by others	$ 21,414,680	$ 20,257,550

Deferred Financing Costs

The Corporation has deferred the costs incurred for obtaining the proceeds of its long-term debt arrangements. These costs are being amortized over the term of the related financings using the straight-line method which approximates the effective interest method. The Corporation incurred financing costs of $1,093,590 and $279,159 during the years ended 2021 and 2020, respectively. The Corporation wrote off $367,217 and $75,093 in financing costs, which is included in loss on early extinguishment of debt and gain (loss) on sale of community and disposals of property and equipment for the years ended December 31, 2021 and 2020, respectively. Amortization expense is expected to be $179,050, $165,332, $165,332, $164,057 and $155,334 for the next five years, respectively. Unamortized deferred financing costs are a direct deduction from the associated long-term debt included on consolidated statements of financial position.

Workers' Compensation

Accrued expenses include a provision for estimated self-insured workers' compensation claims for both reported claims not yet paid and claims incurred but not reported.

Resident Deposits

Entrance fees and waiting list deposits received from prospective residents prior to occupancy under residence and care agreements are included in resident deposits on the consolidated statements of financial position. These deposits are transferred to deferred revenue from entrance fees upon occupancy of the related units.

Deferred Revenue From Entrance Fees, Entrance Fees Payable and Amortization of Entrance Fees

Residents entering a community execute a residence and care agreement, which requires payment of an entrance fee, based on the unit to be occupied. The Corporation offers both nonrefundable and refundable resident agreements. Under the majority of nonrefundable resident agreements, residents who terminate their contracts will generally be entitled to a refund less 2 percent of the remaining entrance fee per each month of residency up to 50 months. Under refundable resident agreements, the entrance fee is reduced to no less than the guaranteed refund, as specified in the resident agreement and refunds to residents are generally paid by the Corporation after the resident leaves a community and a new resident occupies the residential living unit vacated by the former resident.

The nonrefundable portion of entrance fee is amortized to revenue over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that services under the resident agreements are expected to be provided to residents and the Corporation's performance obligation to the residents is satisfied, and is classified as deferred revenue from entrance fees on the consolidated statements of financial position.

The guaranteed refundable portion of entrance fees is classified as entrance fee payable on the consolidated statements of financial position and is not amortized to revenue. The gross contractual refund obligations under existing resident agreements was approximately $72,881,000 at December 31, 2021.

Obligation to Provide Future Service

The Corporation periodically calculates the present value of the net costs of future services and the use of facilities to be provided to current residents and compares that with the balance of deferred revenue from entrance fees. If the present value of the net costs of future services and the use of facilities exceeds deferred revenue from entrance fees, a liability is recorded with the corresponding change to income. As a result of the last calculation (as of December 31, 2021), using a rate of 5.5 percent, the present value of the net cost of future services and use of facilities did not exceed deferred revenue from entrance fees; accordingly, no obligation was recorded for the years ended December 31, 2021 or 2020.

Net Assets

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

Net Assets Without Donor Restriction - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restriction - Net assets available for use subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor Restrictions

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose to which the donation is restricted is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements.

The Corporation reports noncash gifts as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions, including unconditional promises to give, are recognized as revenues when the promise to give is first made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions upon which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of contribution.

Resident Services Revenue

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

Resident services revenue is primarily comprised of independent living, personal care/assisted living and health center revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues are recognized on a daily or month-to-month basis as services are rendered. Resident services revenue includes revenues from therapy services, other services such as housekeeping, laundry, transportation and other revenues from residents are considered one performance obligation which is satisfied over time as services are rendered. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to the resident in a retail setting (for example, pharmaceuticals and medical equipment), and the Corporation does not believe it is required to provide additional goods or services related to that sale. Resident services revenue also includes rental/affordable housing revenues derived from monthly resident rent charges from leases with residents with durations of less than one year and do not represent customers under Accounting Standards Codification (ASC) 606 and subsidy payments from U.S. Department of Housing and Urban Development (HUD) and Pennsylvania Housing Finance Agency (PHFA). Subsidy payments are considered part of the lease and are not considered a contribution under ASC 958. The revenue is recognized monthly using rates established by HUD under ASC 842.

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident services revenue for recurring and routine monthly services are generally billed monthly in advance. Resident services revenue for ancillary services are generally billed monthly in arrears.

The Corporation receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. The Corporation's agreements with third-party payors provide for payments at amounts different from established rates. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined. A summary of the payment arrangements with major third-party payors follows:

Medical Assistance: Nursing services provided to Medicaid program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

The Department of Human Services (DHS) in the Commonwealth of Pennsylvania has fully implemented its mandatory Medical Assistance managed care program, Community HealthChoices (CHC) for skilled nursing facilities across the Commonwealth of Pennsylvania. CHC eliminated the fee-for-service (FFS) payment methodology. The services for which Medical Assistance program beneficiaries are eligible have not changed under CHC.

Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). DHS has provided information to nursing facilities indicating the initial rate paid by the MCOs will be subject to a "floor" equal to the average of each facility's prior four quarters Medical Assistance rates. In addition, MCOs and nursing facilities may agree to higher or lower negotiated rates under an alternative payment methodology agreement. The rate "floors" are expected to be in effect for 36 months.

Medicare: Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. The determination of these rates is partially based on the Corporation's clinical assessment of its residents. The Corporation is required to clinically assess its residents at predetermined time periods throughout the year which are subject to review and adjustment by the Medicare program.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates based upon contractual obligations (i.e. the terms/rates agree upon in the respective contracts).

Revenues From Provider Relief Funds

Government stimulus is primarily comprised of amounts received from federal, state and other funding sources related to the COVID-19 pandemic. The Corporation accounts for this funding in accordance with the Financial Accounting Standards Board (FASB) ASC 958-605 guidance for conditional contributions and accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for healthcare providers. In accordance with the terms and conditions of PRF, the Corporation could apply the funding against lost revenues and eligible expenses not reimbursed from other sources.

The Corporation has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the PRF, which were received and recognized as follows:

PRF Reporting Period	Payment Received Period	Total Payments Received	Revenues Recognized for the Years Ended December 31, 2021	2020
Period 1	April 10, 2020 to June 30, 2020	$ 7,625,579	$ -	$ 7,625,579
Period 2	July 1, 2020 to December 31, 2020	2,284,574	-	2,284,574
Period 3	January 1, 2021 to June 30, 2021	211,400	211,400	-
Period 4	July 1, 2021 to December 31, 2021	2,403,399	2,403,399	-
	Total	$ 12,524,952	$ 2,614,799	$ 9,910,153

The Corporation's methodology for calculating lost revenues in 2021 and 2020 was the difference between 2019 actual resident services revenue (base year) compared to actual resident services revenue in 2020 and 2021. The Corporation recorded revenues in government stimulus in the accompanying consolidated statements of operations and changes in net assets.

The Corporation also received funding from various state and local funding sources in 2021 and 2020 of $2,896,224 and $3,082,847, respectively, to offset lost revenues and eligible expenses in accordance with the terms and conditions of the respective funding sources. The Corporation incurred lost revenues and eligible expenses in 2021 and 2020 of $2,896,224 and $3,082,847, respectively, and therefore, revenues were recognized and included in government stimulus in the accompanying consolidated statements of operations and changes in net assets.

The majority of the funding received is subject to future reporting and audit requirements. Noncompliance with the terms and conditions of the funding sources could result in repayment of some or all of the support, which can be subject to government review and interpretation. An estimate of the possible effects of these matters cannot be made as of the date these consolidated financial statements were available to be issued.

In 2021, the Corporation applied to the Federal Emergency Management Agency (FEMA) for eligible 2020 expenses. The application was approved and funding of $5,742,262 was obligated and recorded as FEMA funding in the accompanying consolidated statement of operations and changes in net assets to offset eligible expenses in accordance with the terms and conditions of the funding source. As of December 31, 2021, $4,902,373 of this funding was received and the remaining $839,889 was recorded as a receivable and is included in the accompanying consolidated statement of financial position.

Paycheck Protection Program and Subsequent Event

During April and May 2020, the Corporation received various proceeds in the amount of $11,655,000 under the Paycheck Protection Program (PPP) (PPP Advance Round 1) which was established as part of the CARES Act (as amended by the Economic Aid Act (EAA) on December 27, 2020) and is administered through the Small Business Administration (SBA). During January 2021, the Corporation also received various second draw PPP loans in the amount of $3,169,009 (PPP Advance Round 2).

The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (of eight to 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period.

The Corporation initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived. Any unforgiven portion is payable over five years at an interest rate of 1 percent with payments deferred until the SBA remits the organization's loan forgiveness amount to the lender, or, if the organization does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

Through December 31, 2020, the Corporation expended $1,000,900 of the PPP Advance Round 1 funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, and therefore, applied for forgiveness. Legal release was received during November 2020, therefore, the Corporation recorded government grants revenue of $1,000,900 within its consolidated statement of operations and changes in net assets for the year ended December 31, 2020.

Through December 31, 2021, the Corporation expended the remaining $10,654,100 of the PPP Advance Round 1 and $1,169,009 of the PPP Advance Round 2 funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, and therefore, applied for forgiveness. Legal release was received during various months in 2021, therefore, the Corporation recorded government grants revenue of $11,823,109 within its consolidated statement of operations and changes in net assets for the year ended December 31, 2021.

The remaining $2,000,000 of PPP Advance Round 2 funds received are recorded as deferred revenue in CARES Act funding liabilities in the accompanying consolidated statements of financial position as the funds remain subject to certain conditions. On January 20, 2022, the Corporation received notice from the SBA that it had forgiven the remaining $2,000,000 of the PPP Advance Round 2 proceeds. Therefore, the Corporation overcame the remaining barriers and the refundable advance will be reported as government grants revenue within its consolidated statement of operations and changes in net assets for the year ending December 31, 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the EAA), the Corporation is required to maintain its PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Corporation does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

Medicare Advance Payments

The CARES Act also included provisions to expand the U.S. Centers for Medicare and Medicaid Services (CMS) Accelerated and Advance Payment Program in order to improve cash flows for providers impacted by the COVID-19 pandemic. The Corporation received $6,507,033 in payments under this program during 2020. The outstanding balance at December 31, 2021 and 2020 was $2,615,350 and $6,507,033, respectively, which are recorded as CARES Act funding liabilities in the accompanying consolidated statements of financial position. Repayment occurs automatically through a partial offset in Medicare payments due to the Corporation for services rendered to Medicare program beneficiaries. Repayment of the advances began in April 2021 and will end 17 months later (29 months from initial payment), at which time the advances are required to be repaid in full. The Corporation expects services rendered during 2022 to be sufficient to offset the payments received.

Charity Care

Charity care is measured based on the direct and indirect costs of providing charity care services. If costs cannot be specifically attributed to services provided to charity care patients, reasonable techniques are used to estimate these costs.

The Corporation's policy is to provide services without charge, or at amounts less than its established rates, to residents who meet the certain need-based criteria. These criteria consider resident income and expenses, financial resources, state and federal government requirements and other sources of payment for services which may be provided. The Corporation also receives donations and income from perpetually restricted trusts and investments designated to the needs of its residents under this policy.

Amounts the Corporation provided and received for resident financial support are as follows for the years ended December 31:

	2021	2020
Charity care provided at the estimated cost thereof, net of amounts received from residents and third-party payors	$ 5,438,211	$ 6,512,950
Additional benevolent care provided at amounts less than pre-established charges for private pay services	28,326,924	35,019,726
Giving and income designated for resident financial support	402,629	295,215

Advertising

Advertising costs are expensed in the year incurred. Total advertising expense for the years ended December 31, 2021 and 2020, was $731,415 and $779,689, respectively.

Performance Indicator

The Corporation measures the performance of its operations using the consolidated statements of operations and changes in net assets, which includes a performance indicator of operations labeled as "revenues in excess of (less than) expenses." Changes in net assets without donor restrictions which are excluded from this measure are equity received from tax credit limited partners and other equity transfers.

New Accounting Pronouncement, Reference Rate Reform

During March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The Corporation is currently assessing the effect that electing the optional expedients and exceptions included in ASU No. 2020-04 would have on its consolidated financial statements.

Subsequent Events

The Corporation has evaluated subsequent events through April 8, 2022, which is the date the consolidated financial statements were issued.

3. Resident Services Revenue

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors which include the following:

- Payors (Medicare, Medicaid, managed or other insurance) have different reimbursement and payment methodologies
- Length of the resident's stay or service
- Method of reimbursement (fee-for-service or capitation)
- Corporation's line of business that provided the service (skilled nursing, assisted living, independent living and outpatient)

The composition of resident services revenue by payor and level of care for the years ended December 31, 2021 and 2020, is as follows:

	2021						
	Independent Living	Personal Care/ Assisted Living	Health Center	Outpatient	Rental/ Affordable	Other	Total
Private pay	$ 59,941,684	$ 28,260,909	$ 28,132,536	$ 404,445	$ 12,500,148	$ -	$ 129,239,722
Medicare	1,363,097	3,041,407	28,610,329	76,700	-	-	33,091,533
Medicaid	-	-	36,270,653	26,542	-	-	36,297,195
Other	11,654	503	556,552	164,587	-	787,041	1,520,337
Amortization of nonrefundable entrance fees	19,790,243	596,098	-	-	-	-	20,386,341
Total	$ 81,106,678	$ 31,898,917	$ 93,570,070	$ 672,274	$ 12,500,148	$ 787,041	$ 220,535,128

	2020						
	Independent Living	Personal Care/ Assisted Living	Health Center	Outpatient	Rental/ Affordable	Other	Total
Private pay	$ 57,157,116	$ 29,918,885	$ 30,334,963	$ 438,697	$ 12,639,706	$ -	$ 130,489,367
Medicare	1,291,554	3,096,655	29,903,670	52,626	-	-	34,344,505
Medicaid	-	-	43,246,723	81,838	-	-	43,328,561
Other	1,014	220	570,043	147,587	-	803,453	1,522,317
Amortization of nonrefundable entrance fees	18,451,899	399,092	-	-	-	-	18,850,991
Total	$ 76,901,583	$ 33,414,852	$ 104,055,399	$ 720,748	$ 12,639,706	$ 803,453	$ 228,535,741

4. Investments, Restricted Deposits and Funded Reserves, Assets Whose Use is Limited and Fair Value Measurements

The composition of investments, restricted deposits and funded reserves and assets whose use is limited as of December 31 is as follows:

	2021	2020
Cash	$ 1,449,819	$ 3,397,923
Money market funds	65,980,519	32,101,421
Marketable equity securities	3,779,554	3,288,498
Mutual funds:		
Equity	48,157,093	37,852,885
Fixed income	41,429,839	35,687,294
Equity method investment	1,314,157	1,226,715
Cost method investment	1,289,286	1,289,286
Alternative investments	26,873,503	22,176,748
Total investments, restricted deposits and funded reserves and assets whose use is limited	190,273,770	137,020,770
Less:		
Assets whose use is limited:		
Debt service reserve fund	-	(767,796)
Debt service escrow fund	(8,515,352)	(11,160,046)
Other escrow fund	(2,775,000)	-
Investments held in perpetuity	(5,590,805)	(5,515,933)
Project fund	(38,253,406)	(3,851,090)
Assets designated for renovation and charity care	(820,381)	(756,996)
Bond fund	-	(329,022)
Restricted deposits and funded reserves:		
Deposits for low-income housing projects	(12,619,780)	(12,894,109)
Statutory liquid reserves	(10,501,254)	(13,670,554)
Operating reserve fund	(1,860,545)	(1,798,120)
Total investments	$ 109,337,247	$ 86,277,104

Fair Values of Financial Instruments

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

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds are valued based on the carrying amount which approximates fair value due to the short-term nature of these instruments.

Marketable equity securities and mutual funds are valued at fair value based on quoted market prices in active markets.

Investments in the accompanying consolidated statements of financial position include alternative investment funds (the Funds). The Funds are measured using the net asset value per share as a practical expedient. The Funds are held in private investment partnerships, which include publically traded securities, real estate and natural resources. Partnership agreements specify the type of investments held, liquidity, manager compensation and other funding requirements. The Corporation's ownership structure does not provide for control over the related investees, and the Corporation's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment which were $1,243,032 and $1,391,482 at December 31, 2021 and 2020, respectively. Redemptions are not permitted and liquidity is available to the extent of distributable realized events. The Corporation has no plans to sell the funds or a portion of the amounts currently owned. Financial information used by the Corporation to evaluate the Funds are provided by the investment manager or general partner, and includes fair value valuations of underlying securities and other financial instruments held by the investee and estimates that require varying degrees of judgment. The financial statements of the Funds are audited annually by independent auditors, although the timing of reporting the results of the audits does not coincide with the Corporation's annual financial reporting. There is uncertainty in the accounting for the Funds arising from factors such as lack of active markets, lack of transparency in underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least reasonable possibility that estimates of fair value will change in the near term.

The funds held in trust by others are valued at fair value based on the Corporation's interest in the fair values of the underlying assets, which approximate the present value of estimated future cash flows to be received from the trusts.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of December 31, 2021 and 2020, are as follows:

	Fair Value as of December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 65,980,519	$ 65,980,519	$ -	$ -
Marketable equity securities	3,779,554	3,779,554	-	-
Mutual funds:				
Equity	48,157,093	48,157,093	-	-
Fixed income	41,429,839	41,429,839	-	-
Total investments	159,347,005	159,347,005	-	-
Funds held in trust by others	21,414,680	-	-	21,414,680
Total assets	$ 180,761,685	$ 159,347,005	$ -	$ 21,414,680

	Fair Value as of December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 32,101,421	$ 32,101,421	$ -	$ -
Marketable equity securities	3,288,498	3,288,498	-	-
Mutual funds:				
Equity	37,852,885	37,852,885	-	-
Fixed income	35,687,294	35,687,294	-	-
Total investments	108,930,098	108,930,098	-	-
Funds held in trust by others	20,257,550	-	-	20,257,550
Total assets	$ 129,187,648	$ 108,930,098	$ -	$ 20,257,550

The reconciliation of total investments, restricted deposits and funded reserves and assets whose use is limited in the accompanying consolidated balance sheets as of December 31 is as follows:

	2021	**2020**
Cash and cash equivalents	$ 1,449,819	$ 3,397,923
Measured at net asset value	26,873,503	22,176,748
Measured using the equity method	1,314,157	1,226,715
Measured using the cost method	1,289,286	1,289,286
Measured at fair value	159,347,005	108,930,098
Total investments, restricted deposits and funded reserves and assets whose use is limited	$ 190,273,770	$ 137,020,770

5. Liquidity

The Corporation's financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date are as follows:

	2021	2020
Cash and cash equivalents	$ 18,168,017	$ 17,630,395
Investments	109,337,247	86,277,104
Accounts receivable, net	12,697,887	13,579,598
Total	$ 140,203,151	$ 117,487,097

The Corporation's endowment fund consists of donor-restricted funds. Income from donor-restricted endowments is restricted for specific purposes, and therefore, is not available for general expenditures.

As a part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs the Corporation has committed lines of credit (Note 9) that total $21,750,000 as of December 31, 2021 and 2020, that it draws upon as needed. As of December 31, 2021 and 2020, the line of credit had approximately $1,157,000 and $2,538,000, respectively, available to draw upon.

6. Related-Party Transactions

Prelude Systems, Inc. (Prelude) is a joint venture between the Corporation and Diakon Lutheran Social Ministries (Diakon). Prelude is an information technology services organization with a wide range of programs designed to support the information systems needs of Presbyterian Senior Living and Diakon as well as other health care and community service organizations. Presbyterian Senior Living's investment in Prelude is 50 percent as of December 31, 2021 and 2020, and is accounted for under the equity method of accounting. It is included in investments and totaled $1,314,157 and $1,226,715 as of December 31, 2021 and 2020, respectively. During 2021 and 2020, Presbyterian Senior Living incurred expenses related to Prelude of approximately $3,839,131 and $3,380,796, respectively, for information technology services provided by Prelude, of which $220,480 and $257,346 was included in accounts payable as of December 31, 2021 and 2020, respectively.

7. Property and Equipment

A summary of property and equipment and accumulated depreciation as of December 31, is as follows:

	2021	2020
Land	$ 61,824,329	$ 63,315,189
Land improvements	41,445,241	41,927,989
Buildings and improvements	761,534,261	739,538,376
Departmental equipment, furniture and fixtures	75,936,622	76,574,063
Vehicles	3,149,452	3,160,764
Construction-in-progress	17,476,199	41,077,100
	961,366,104	965,593,481
Accumulated depreciation	(421,342,556)	(414,800,520)
Total	$ 540,023,548	$ 550,792,961

As the Corporation undertakes expansion projects and improvement projects, costs are included in construction-in-progress. As projects are completed, the costs are transferred to buildings and building improvements. Ongoing improvement and expansion is anticipated in the normal course of operations.

As of December 31, 2021 and 2020, respectively, the Corporation had approximately $2,065,000 and $7,787,000 outstanding of construction payable included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

During 2019, management decided to sell three parcels of land that have not yet been developed. The current value of the land was recorded as assets held for sale and the additional costs incurred to date have been expensed to loss on impairment of asset. During 2020, one of the parcels was sold. During 2021, the remaining parcels were deemed to be impaired and were written down resulting in a loss on impairment of asset of $3,550,230 included in the accompanying consolidated statement of operations and changes in net assets.

8. Long-Term Debt

Long-term debt, senior living as of December 31 consisted of the following:

	2021	2020
1995 Series A Revenue Note to First National Bank, payable in equal monthly installments of principal and interest, interest sufficient to amortize the principal balance to July 2026, the note bears a floating interest rate which was 2.05% for December 31, 2021 and 2020, interest will be reset in three year increments.	$ 662,726	$ 857,887
Series 2002 Huntingdon County Industrial Development Authority, Mortgage Revenue Note, payable to First National Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to April 2023, the note bears a floating interest rate, interest will be reset in five year increments and was 0.55% and 1.76% as of December 31, 2021 and 2020, respectively.	88,322	147,194
York County Industrial Development Authority Bonds Series 2010, held by First National Bank, principal due in varying annual amounts from 2016 to 2033, the bonds bear a floating interest rate, which was 1.52% and 1.54% as of December 31, 2021 and 2020, respectively.	12,611,757	13,715,690
Bank of America taxable ten year term loan, principal due in varying amounts, extended in 2016 to be due in December 2026 with the option to extend all or a portion of the remaining balance over the remaining 25-year amortization period. The bonds bear a floating interest rate which resets in five year increments, and was 3.85% as of December 31, 2021 and 2020.	9,152,900	9,593,406
General Municipal Authority of the Township of Manheim Revenue Bonds Series 2011, held by M&T Bank, principal maturities based on a 20 year repayment schedule, interest is fixed at 4.13% as of December 31, 2021 and 2020.	5,872,882	6,353,765
Quincy Sewer Authority Revenue Bonds Series 2012, held by M&T Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to August 15, 2032, interest is fixed at 4.14%.	6,177,884	6,646,226

	2021	2020
Uwchlan Township Industrial Development Authority Revenue Bonds Series 2013, held by M&T Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to June 2033, interest is fixed at 4.17%.	$ 6,662,864	$ 7,116,970
Philadelphia Authority for Industrial Development Gross Revenue Bonds, Series 2013, no principal payment due until April 2017, the bonds consist of term bonds which mature at various dates from April 2023 to April 2039, interest rates vary between 4.81% to 5.00%. The proceeds of the 2021 taxable note (described below) were used to advance-refund this series. The proceeds were placed into the debt service reserve fund included in assets whose use is limited in the accompanying consolidated statements of financial position as of December 31, 2021 and are expected to be used to repay this series in 2023.	7,955,000	8,220,000
Northampton and Blair County Industrial Development Authority Revenue Bonds Series 2014, held by Bank of America, principal due in varying amounts annually, a call options is available at the lender's discretion in November 2028, interest rate is fixed at 3.64% until November 2028, interest will be reset in ten year increments.	9,497,500	9,564,500
Blair County Hospital Authority Revenue Bonds Series 2014, tax-exempt bonds, bank qualified debt, held by Bank of America, principal due in varying amounts annually, interest is fixed at 3.64% until November 2028, interest will be reset in ten year increments.	9,497,500	9,564,500
Uwchlan Township Industrial Development Authority Revenue Bonds Series 2015, held by M&T Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to May 2035, interest is fixed at 2.92% until May 2025, interest rates will be reset in ten year increments.	7,352,279	7,788,289
Northampton County Industrial Development Authority Revenue Bonds Series 2015, held by M&T Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to May 2035, interest is fixed at 2.80% until May 2025, interest rates will be reset in ten year increments.	7,377,362	7,814,721
People's Bank taxable ten year term loan, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to July 31, 2025, interest is variable and was 2.13% and 2.19% as of December 31, 2021 and 2020, respectively.	2,383,492	3,016,705
First National Bank taxable ten year term loan, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to July 31, 2025, interest is variable and was 2.21% and 2.25% as of December 31, 2021 and 2020, respectively.	2,394,098	3,029,163
Cumberland County Municipal Authority Revenue Bonds Series 2015B, held by Bank of America, principal due in varying annual amounts from 2016 to 2038, interest is fixed at 3.23%, interest resets in ten year increments.	7,947,755	8,315,653

	2021	2020
Cumberland County Municipal Authority Revenue Bonds Series 2015 C and Series 2008 C, held by Bank of America, principal due in varying amounts from 2015 to 2038, interest is variable and was 1.38% and 1.41% as of December 31, 2021 and 2020, respectively.	$ 13,551,333	$ 13,785,333
Quincy Sewer Authority Series 2016 bonds held by TD Bank, principal due in varying annual amounts from 2017 to 2042, interest is fixed at 2.40% until 2026, interest rates will be reset in five year increments.	17,236,479	17,877,020
Bank of America taxable ten year term loan, principal due in varying amounts through 2034, due in May 2026 with the option to extend all or a portion of the remaining balance over the remaining 25-year amortization period. The bonds bear a floating interest rate which was 1.79% and 1.85% as of December 31, 2021 and 2020, respectively.	3,103,413	3,395,918
Pennsylvania Economic Development Financing Authority Revenue Bonds, Series 2018, held by TD Bank, principal due in varying amounts from 2020 to 2044. The bonds bear a fixed rate of interest equal to 3.91% per annum multiplied by a margin rate factor, interest rate was 3.91% as of December 31, 2021 and 2020, interest resets in ten year increments.	28,530,000	29,277,000
Term loan, principal and interest are payable in equal monthly installments of $100,483, interest is fixed at 4.15% until April 2022. In May 2022, the interest rate will reset to LIBOR plus 2.75%. Principal balloon payment and interest outstanding are due in April 2027.	10,089,499	10,853,241
Enterprise Community Loan Fund unsecured loan, maximum loan amount of $700,000, principal and interest in varying amounts sufficient to amortize the outstanding balance to November 2023, interest is fixed at 3.00%.	106,977	158,093
Enterprise Community Loan Fund unsecured loan, maximum loan amount of $800,000, principal and interest in varying amounts sufficient to amortize the outstanding balance to May 2024, interest is fixed at 3.00%.	232,930	321,261
First National Bank loan, during the 12 months only interest was payable, after the 12 month period principal and interest payments sufficient to amortize the loan to October 2034, interest is fixed at 4.0%, will reset every five years. This loan was paid off in 2021 as a result of the sale of Heritage Run at Stadium Place (described in Note 2).	-	7,610,929
People's Bank bridge loan, principal was payable in full in August 2017, interest was due monthly and was fixed at 3.50% as of December 31, 2016. This loan was extended through November 28, 2022, with monthly payments of $10,457 beginning November 2017, payments are based on a 20 year amortization table, interest is fixed at 4.25%.	993,264	1,504,838
Mortgage note payable, M&T Bank, up to $2,400,000 loan requires interest payments for the first 16 months followed by a 30 year term with option for a ten year call provision, interest rate of 2.78% and 3.82% as of December 31, 2021 and 2020, respectively.	2,198,924	2,271,779
Mortgage note payable, M&T Bank, loan requires monthly principal payments in the amount of $14,334, plus interest, interest rate was 5.11% as of December 31, 2021 and 2020.	1,946,748	2,118,756

	2021	2020
General Municipal Authority of the Township of Manheim Bond Series 2019, held by M&T Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to August 2032, interest is fixed at 2.70%.	$ 6,052,086	$ 6,529,909
Indiana County Industrial Development Authority Revenue Bonds Series 2019, held by M&T Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to November 15, 2033, interest is fixed at 2.70%.	6,772,169	7,225,609
Term loan, principal and interest are payable in equal monthly installments of $23,935, interest is fixed at 3.80% through June 2027. Principal balloon payment and interest outstanding are due in April 2027.	3,796,073	3,934,331
Bank of America taxable ten year term loan Bond Series 2020, principal payments to begin on January 3, 2022, principal payments will be based on 8.5 year mortgage style adoration schedule, due in June 2030. The bonds bear a fixed interest rate equal to 2.49%.	13,955,000	13,955,000
Northamption County Industrial Development Authority Revenue Bonds Series 2020, held by Bank of America, $15 million drawn in $2 million increments through December 31, 2020 with $1 million drawn in January 2021. Interest only tax-exempt rate of 2.31% per annum through January 3, 2022 at which time principal and interest will be payable.	15,000,000	14,000,000
Pennsylvania Economic Development Financing Authority Revenue Bonds, Series 2021, held by The Bank of New York Mellon Trust Company, principal due varying amounts from 2021 to 2046. The bonds bear a fixed rate of 4.0%.	59,530,000	-
Bank of America taxable ten year term loan Bond Series 2021, principal due in varying amounts through 2031. The bonds bear a fixed interest rate which was 2.59%.	8,433,000	-
Orrstown Bank construction loan with a maximum borrowing amount of loan is $5,000,000. Principal payment is due on November 13, 2022. Interest is payable monthly. The interest rate is 2.40% as of December 31, 2021.	2,604,617	-
Debt refinanced in 2021	-	41,714,793
	289,766,833	278,278,479
Plus unamortized premium	7,005,003	292,027
Less deferred financing costs	(2,321,547)	(1,771,505)
Total	$ 294,450,289	$ 276,799,001

Long-term debt, low-income housing as of December 31 consisted of the following:

	2021	2020
HUD Flexible Subsidy Loans payable, principal balance due upon sale of the project building or upon full payment of the HUD mortgage, simple interest of 1.00% payable at the time of principal payments.	$ 1,671,580	$ 1,671,580
Mortgage note payable, PHFA, noninterest bearing with principal payments being payable out of available cash flow as defined in the Tax Credit Assistance Program (TCAP) agreement. The loan is due April 11, 2042.	1,831,168	1,831,168
Mortgage payable, County of York - Housing and Community Development Division, interest accrues at 1.00% per annum, principal will not be paid during the loan period unless the Corporation is found to be in default of any of the terms or conditions outlined in the loan agreement. The loan matures in 2041.	1,000,000	1,000,000
Mortgage note payable, Chester County Department of Community Development, interest accrues at 1.00% per annum, compounding annually, interest of $118,024 and $108,301 has been added to the principal balance as of December 31, 2021 and 2020, respectively, principal and accrued interest are to be paid from excess revenue generated by the Westminster Place at Parkesburg project, commencing with the first full calendar year following construction completion, principal and interest will be due the earlier of September 21, 2039, termination of the partnership, refinancing of the project, sale of the project or upon default.	972,302	972,302
Mortgage note payable, Chester County Department of Community Development, noninterest bearing with principal payments being deferred until September 21, 2039.	641,500	641,500
Mortgage note payable, PHFA, noninterest bearing, principal is payable out of available cash flow as defined in the Tax Credit Assistance Program agreement, loan is due May 5, 2041. The partnership made payments of $10,650 and $10,200 during 2021 and 2020, respectively, in accordance with the TCAP agreement.	1,256,160	1,280,460
Mortgage note payable, Redevelopment Authority of the County of Lancaster, interest accrues at 1.00% per annum on the unpaid principal balance, beginning January 1, 2013. Payment of principal and interest are deferred until the maturity date of August 27, 2042.	1,000,000	1,000,000
Mortgage note payable, PHFA, monthly payments of principal and interest to equal $29,035 annually, interest at a rate of 6.25%, principal payments totaling $12,813 and $12,039 were made during 2021 and 2020, respectively. The loan matures December 2034.	252,541	265,354

	2021	2020
PennHOMES loan, PHFA, noninterest bearing, principal payments to be made when operating cash flow is available for payment, as determined solely by PHFA, with 50% to repay principal on the loan and 50% to be returned on owner equity.	$ 1,160,265	$ 1,224,515
PennHOMES loan, PHFA, noninterest bearing, principal payments to be made when operating cash flow is available for payment, as determined solely by PHFA, with 50% to repay principal on the loan and 50% to be returned on owner equity.	908,310	929,560
Mortgage note payable, Redevelopment Authority of the County of Cumberland, noninterest bearing, 40 year term loan, payment deferred for 30 years. Principal will be payable out of excess revenues beginning after July 2030, with the remaining principal due July 2040.	50,000	50,000
Mortgage note payable, Redevelopment Authority of the County of Cumberland, noninterest bearing, 40 year term loan, payment deferred for 30 years. Principal will be payable out of excess revenues beginning after July 2030, with the remaining principal due July 2040.	50,000	50,000
Mortgage note payable, PHFA, noninterest bearing, principal is payable out of available cash flow as defined in the TCAP agreement. The loan is due May 25, 2041.	5,489,012	5,511,662
Mortgages payable, County of York - Housing and Community Development Division, noninterest bearing, principal will not be paid during the loan period unless the Corporation is found to be in default of any of the terms or conditions outlined in the loan agreement. The loan matures in 2040.	5,125,000	5,125,000
Mortgage note payable, Community Development Block Grant, noninterest bearing, deferred payment loan from the County of York.	175,000	175,000
Mortgages payable, County of York - Housing and Community Development Division, accrues 1.00% interest per annum, with no principal payment required during the loan period unless the Corporation is found to be in default of any terms or conditions outlined in the loan agreement. The loan matures in January 2031.	625,000	625,000
Mortgages payable, County of York - Housing and Community Development Division, noninterest bearing, with no principal payment required during the loan period unless the Corporation is found to be in default of any terms or conditions outlined in the loan agreement. The loan matures in January 2031.	161,500	161,500
PennHOMES loan, PHFA, noninterest bearing, principal payments to be made when operating cash flow is available for payment, as determined solely by PHFA, with 50% to repay principal on the loan and 50% to be returned on equity to owners, 30 year term.	307,881	401,931
Mortgage note payable, PHFA, monthly payments of principal and interest to equal $2,016, interest rate of 6.25%, with the loan maturing in December 2034.	210,403	221,079

	2021	2020
Mortgages payable, County of York - Housing and Community Development Division, accrues 1.00% interest annually, with no principal paid during the loan term provided the Corporation does not commit default. The loan matures April 19, 2034	$ 1,035,000	$ 1,035,000
Mortgages payable, County of York - Housing and Community Development Division, accrues 1.00% interest annually, with no principal payment required until 2037, as long as affordability is maintained	2,950,000	2,950,000
Mortgage payable provided through a HUD-insured Section 223(f) mortgage, note bears an interest rate of 3.69% annually and monthly payments in the amount of $11,358 are required, matures on August 1, 2048	2,310,824	2,360,845
Promissory note through the Preservation Through Smart Rehab Program, noninterest bearing with principal payments being required to be made from any surplus of revenues over expenses generated by the project after payment of all project costs during the calendar year as determined by PHFA, the note matures on the earliest of the date of sale of the project, date of termination of the project, or 2042	91,085	91,085
Peoples Security Bank and Trust mortgage loan, required monthly payments of principal and interest, interest at a rate of 4.50%, the note is due November 18, 2027	69,369	79,689
Mortgage note payable to County of Monroe, bears no interest and all payments deferred until April 27, 2031, the note is collateralized by the land and building of the Shepherds of Monroe County	30,000	30,000
Mortgage note payable to County of Monroe, bears no interest and all payments deferred until October 16, 2034, the note is collateralized by the land and building of the Shepherds of Monroe County	30,000	30,000
Mortgage payable to County of Monroe, the note bears no interest, payments of principal deferred until maturity in 2037	240,000	240,000
Mortgage payable to ESSA Bank and Trust, interest at a rate of 7.00% per annum, requires monthly payments of principal and interest with a final maturity of April 2038	159,143	164,159
Open-end mortgage, County of Allegheny Department of Economic Development, noninterest bearing with principal payments being required to be made from any surplus of revenues over expenses generated by the project after payment of all project costs during the calendar year as determined by PHFA, the note matures on the earliest of the date of sale of the project, date of termination of the project, or 2045	274,579	274,578
Mortgage payable to County of York, bears no interest and payment of $25,000 is required to be paid each December 31 beginning in 2016 and continuing for 15 years, the loan is due December 2031	600,000	625,000
Mortgage note payable, Redevelopment Authority of the County of Lancaster, bears interest at the rate of LIBOR plus 2.65% per annum (2.75% as of December 31, 2021) with interest only payments until December 2018. Monthly payments of principal and interest began on January 2018 until maturity in January 2048	1,466,698	1,517,075

	2021	2020
Construction loan payable to First National Bank in an amount not to exceed $11,000,000. The loan bears interest at the rate of LIBOR plus 2.10%, interest as of December 31, 2020, was 2.25%. This loan was paid off in 2021.	$ -	$ 11,000,000
Promissory note to First National Bank to provide funds under the Affordable Housing Program (AHP). The note is subject to a 15 year compliance period after completion of the rental project. The note bears no interest and will not amortize. The note shall be forgiven after the 15 year compliance period if all of the restrictions have been met. The note is secured by a mortgage on the rental project.	650,000	650,000
Loan Payable, County of York - Housing and Community Development Division, noninterest bearing, principal will not be paid during the loan period unless the Corporation is found to be in default of any of the terms or conditions outlined in the loan agreement. The loan matures in 2037.	147,576	-
Loan Payable, County of York - Housing and Community Development Division, noninterest bearing, principal will not be paid during the loan period unless the Corporation is found to be in default of any of the terms or conditions outlined in the loan agreement. The loan matures in 2034.	148,197	-
	33,090,093	44,185,042
Less deferred financing costs	(263,489)	(274,585)
Total	$ 32,826,604	$ 43,910,457

All of the obligations above are collateralized by either property and equipment or gross revenues of the Corporation's consolidated affiliates and is tax-exempt unless otherwise noted.

Under the terms of the bond indentures, the Corporation is subject to various covenants, which include the achievement of certain pre-established financial indicators. In addition, the Corporation is required to maintain certain deposits with a trustee. These deposits are included in assets whose use is limited.

During July 2021, the Obligated Group completed a financing transaction to provide for overall debt service savings, while also establishing a project fund for certain capital projects. A portion of the proceeds from the bonds were used to refund the Series 2008C Revenue Bonds, the Series 2013A and 2013B Revenue Bonds, the Series 2012 Revenue Note and the Series 2015 Revenue Bonds and to advance-refund the Philadelphia Authority for Industrial Development Gross Revenue Bonds, Series 2013 described above. In conjunction with this transaction, the Obligated Group recorded a loss on early extinguishment of debt of $1,518,104 that is included in the consolidated statement of operations and changes in net assets. The loss consists of ($219,956) of unamortized bond premium, $268,076 in unamortized deferred financing costs and $1,469,984 of amounts in held in escrow for the advance-refunding, penalties and fees.

Scheduled maturities for the five years subsequent to December 31, 2021, and thereafter for the senior living debt are as follows:

Years ending December 31:	
2022	$ 16,795,872
2023	21,896,943
2024	14,409,167
2025	14,802,783
2026	15,243,460
Thereafter	206,618,608
Total	$ 289,766,833

Scheduled maturities for the five years subsequent to December 31, 2021, and thereafter for low-income housing debt are as follows:

Years ending December 31:	
2022	$ 2,462,832
2023	146,781
2024	152,391
2025	158,680
2026	165,091
Thereafter	30,004,318
Total	$ 33,090,093

9. Lines of Credit

The Corporation has available various lines of credit with financial institutions. Interest rates on these lines of credit are variable based on the prime rate of the various financial institutions or the LIBOR rate. The lines of credit are collateralized by property, plant and equipment of the Corporation. As of December 31, 2021 and 2020, under the line of credit agreements, the Corporation had available a maximum of $21,750,000, respectively, from the financial institutions. As of December 31, 2021 and 2020, the Corporation had $20,593,443 and $19,212,412, respectively, outstanding under these agreements at interest rates ranging from 1.63 percent to 2.63 percent and with maturity dates ranging from July 2022 to November 2022.

10. Workers' Compensation Insurance

The Corporation has a self-insured workers' compensation program as allowed by the Commonwealth of Pennsylvania Bureau of Workers' Compensation. This program provides for self payment of work related injuries and illnesses as opposed to utilizing an insurance carrier. The Corporation has contracted with major insurance carriers for excess insurance coverage, loss control services and administration. In both 2021 and 2020, the Corporation maintained a surety bond for $3,000,000 in connection with this self-insurance program. As of December 31, 2021 and 2020, the Corporation has recorded an accrued expense of approximately $3,600,000 and $4,500,000, respectively, for workers' compensation claims. This accrual includes known case reserves and an estimate of the Corporation's liability for incurred but not reported claims.

11. Medical Malpractice Claims Coverage

The Corporation maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. The Corporation expenses premiums paid under this policy. Management believes no incidents have occurred or will be asserted that will exceed the Corporation's insurance coverages or will have a material adverse effect on the consolidated financial statements.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2021	2020
Subject to expenditure for specified purpose:		
Caring community	$ 321,574	$ 321,892
Community enhancement	1,051,642	841,913
	1,373,216	1,163,805
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	229,049	327,420
Gift annuities	13,316	15,611
Contributions receivable from remainder trusts	343,365	566,337
	585,730	909,368
Endowments:		
Subject to appropriation and expenditures when a specified event occurs:		
Restricted by donors for:		
Educational scholarship	53,161	49,976
Benevolent care	300,883	293,690
Community enhancement	349,910	510,683
	703,954	854,349
Subject to endowment spending policy and appropriation:		
Educational scholarship	268,403	228,459
Benevolent care	1,761,894	1,714,737
Community enhancement	4,636,510	4,390,962
	6,666,807	6,334,158
Total endowments	7,370,761	7,188,507
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	21,057,998	19,675,602
Trust assets held for the benefit of the Easton Home	830,086	830,086
	21,888,084	20,505,688
Total	$ 31,217,791	$ 29,767,368

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Expiration of time restrictions	$ 74,707	$ 247,514
Satisfaction of purpose restriction:		
Caring community	36,507	19,170
Community enhancement	881,676	714,990
Restricted-purpose spending rate distributions and appropriations:		
Educational scholarship	2,600	500
Benevolent care	16,536	31,968
Community enhancement	43,685	61,523
Total	$ 1,055,711	$ 1,075,665

13. Endowments

The endowments consist of donor-restricted funds established for a variety of purposes supporting the Corporation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Corporation has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence described in state laws.

Unless specifically defined, a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Corporation considers the following factors:

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

The Corporation classifies as net assets without donor restrictions internally designated funds designated to function as endowments.

The following schedule represents endowment net asset composition by type of fund and changes in endowment net assets for the years ended December 31, 2021 and 2020:

	Without Donor Restrictions		With Donor Restrictions	
	2021	**2020**	**2021**	**2020**
Endowment net assets, beginning of year	$ 513,353	$ 493,257	$ 7,188,507	$ 6,761,326
Investment income	12,147	20,096	91,951	178,246
Contributions	83,343	-	148,875	342,926
Appropriation of endowment assets for expenditures	(2,028)	-	(58,572)	(93,991)
Endowment net assets, end of year	$ 606,815	$ 513,353	$ 7,370,761	$ 7,188,507

The value of the original gifts plus subsequent gifts to be held in perpetuity totaled $6,666,807 and $6,334,158 for the years ended December 31, 2021 and 2020, respectively.

Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Corporation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported as net assets without donor restrictions. The Corporation's policy states that should a fund fall below the original principal balance the Corporation would curtail spending in the fund until it returned to its original principal balances. There were no such deficiencies reported as of December 31, 2021 or 2020.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a composite of public market indexes based on the mix of investments held, while assuming a moderate level of investment risk. The Corporation's goal is that its endowment funds, over time, will provide an average rate of return of approximately the consumer price index plus the investment spending percentage plus one percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Corporation has a total return policy for calculating the amounts available for distribution each year. It is a percent of its endowment fund's average fair value over the prior three calendar year ends. This percentage per the policy was up to 4.0 percent for 2021 and 2020. Actual distributions are for specific projects approved by the Board of Directors. If the total return amount exceeds the actual earnings of the endowment funds in any one year, then the amount needed to fund such excess will first be taken from the accumulated excess earnings from prior years, then from the accumulated net capital gains of endowment funds and, conversely, any undistributed income after the allocation of the total return distribution is added back to the fund balance that is with or without donor restrictions. In establishing this policy, the Corporation considered the long-term expected return on its endowments. Accordingly, over the long term, the Corporation intends that the current spending policy will allow its endowments to grow at an average of inflation plus 1 percent annually. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

14. Retirement Plan

The Corporation has a defined-contribution retirement plan covering all employees that have completed one year of service and have reached the age of 21. Vesting occurs after three years of service. Contributions to the plan are at the discretion of the Board of Trustees of Presbyterian Senior Living and employees have the ability to direct how their contributions are invested. For the years ended December 31, 2021 and 2020, retirement plan expense totaled approximately $932,000 and $734,000, respectively.

15. Functionalized Expenses

The consolidated statements of operations and changes in net assets report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis. Employee benefits and payroll taxes are allocated on the basis of total salaries and wages. Information technology and insurance are allocated on direct cost.

The costs of providing services and supporting activities are as follows for the years ended December 31, 2021 and 2020:

	2021			
	Resident Services	**General and Administrative**	**Fundraising and Development**	**Total**
Salaries and wages	$ 83,017,684	$ 9,875,572	$ 383,640	$ 93,276,896
Employee benefits and other employee costs	9,727,670	1,184,933	41,016	10,953,619
Payroll taxes	5,815,900	668,493	27,723	6,512,116
Professional services	11,761,032	1,198,242	150,590	13,109,864
Management services	2,600	4,621	-	7,221
Accounting fees	197,228	266,473	-	463,701
Legal fees	65,317	299,794	-	365,111
Advertising and promotion	754,991	-	48,788	803,779
Office expenses	4,971,707	4,017,825	69,119	9,058,651
Information technology	1,188,554	860,039	70,997	2,119,590
Occupancy	17,440,122	786,683	45,087	18,271,892
Travel	161,597	131,884	21,486	314,967
Conferences and meetings	34,487	23,884	2,021	60,392
Interest	7,839,821	880,959	10,150	8,730,930
Insurance	3,981,769	89,344	4,565	4,075,678
Training and development	30	44,642	-	44,672
Depreciation	30,519,214	341,002	12,708	30,872,924
Amortization	367,416	115,973	-	483,389
Bad debt	29,071	1,413,732	-	1,442,803
Pharmacy	2,755,771	-	-	2,755,771
Medical supplies	4,485,012	-	-	4,485,012
Therapy services	13,122,827	-	-	13,122,827
Dietary services	4,652,462	-	-	4,652,462
Food, beverages and supplies	8,420,688	37,607	-	8,458,295
Maintenance and repairs	1,865,493	91,103	92	1,956,688
Total cost of services provided	$ 213,178,463	$ 22,332,805	$ 887,982	$ 236,399,250

	2020			
	Resident Services	General and Administrative	Fundraising and Development	Total
Salaries and wages	$ 94,091,871	$ 10,758,361	$ 410,966	$ 105,261,198
Employee benefits and other employee costs	12,976,780	1,191,511	37,602	14,205,893
Payroll taxes	6,642,343	660,535	28,126	7,331,004
Professional services	8,476,456	1,033,348	120,918	9,630,722
Management services	3,509	13,698	-	17,207
Accounting fees	202,365	259,734	-	462,099
Legal fees	29,563	1,383,015	-	1,412,578
Advertising and promotion	830,032	589	78,758	909,379
Office expenses	10,782,218	6,932,319	77,310	17,791,847
Information technology	1,169,997	876,584	13,659	2,060,240
Occupancy	16,260,225	850,657	23,370	17,134,252
Travel	176,005	101,909	21,421	299,335
Conferences and meetings	17,869	42,622	1,011	61,502
Interest	7,681,422	853,332	6,898	8,541,652
Insurance	3,692,229	126,747	1,770	3,820,746
Training and development	2,391	106,727	-	109,118
Depreciation	29,360,646	347,131	6,379	29,714,156
Amortization	367,406	115,972	-	483,378
Bad debt	65,957	1,829,945	-	1,895,902
Pharmacy	3,069,580	-	-	3,069,580
Medical supplies	6,146,158	-	-	6,146,158
Therapy services	14,265,330	-	-	14,265,330
Dietary services	5,589,539	-	-	5,589,539
Food, beverages and supplies	8,392,477	52,034	-	8,444,511
Maintenance and repairs	1,958,589	120,339	1,313	2,080,241
Total cost of services provided	$ 232,250,957	$ 27,657,109	$ 829,501	$ 260,737,567

16. Commitments and Contingencies

Senior Living Services Industry

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

Litigation

The Corporation is involved in several legal proceedings arising from its activities in the health care industry. Although it is not possible to presently determine the final outcome of these matters, management believes the aggregate liability, if any, resulting from such proceedings will not have a material adverse effect on the Corporation's assets, liabilities, net assets, operations or cash flows.

Low-Income Housing

The low-income housing credits are contingent on the ability to maintain compliance with applicable Sections of the IRC Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

In addition, the Low-Income Housing Tax Credit Communities are required to comply with certain HUD and PHFA requirements in accordance with the respective contracts with HUD. Failure to maintain compliance with HUD could result in recapture of HUD rental subsidy. The operations are highly regulated and are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD and PHFA. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and PHFA. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

From time to time, the Corporation receives grant revenues for its low-income housing projects. These grant awards may require the projects to be maintained for a specified period of time. If the projects are not maintained for the required time period, a portion of the grant may be required to be repaid. Management recognizes these grants as revenue when received as it is expected that all of the grant award terms will be met.

COVID-19

The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets, supply chains, businesses and communities. The Corporation's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were issued. COVID-19 may impact various parts of the Corporation's 2022 operations and financial performance, including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption, sales of independent living units or declines in revenue related to decreases in occupancy or volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.