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

Consolidated Financial Statements

December 31, 2020 and 2019

	Page
Certification of Chief Executive and Chief Financial Officers	1
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Operations and Changes in Net Assets	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

Certification of Chief Executive and Chief Financial Officers

We are responsible for the consolidated financial statements of Presbyterian Senior Living, as of December 31, 2020 and 2019, 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 114 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

Independent Auditor's Report

To the Board of Trustees of
Presbyterian Senior Living

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of certain affiliates of Presbyterian Senior Living, which statements reflect total assets constituting 23 percent of consolidated total assets as of December 31, 2020, and total operating revenues and other support constituting 5 percent of consolidated total operating revenues, gains and other support for the year then ended. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the consolidated financial statements 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 entities' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Presbyterian Senior Living as of December 31, 2020, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Consolidated Financial Statements

The consolidated financial statements as of and for the year ended December 31, 2019 were audited by other auditors whose report dated April 13, 2020, expressed an unmodified opinion on those statements.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 12, 2021

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

Consolidated Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 17,630,395	$ 14,558,254
Investments	86,277,104	75,301,655
Restricted deposits and funded reserves	28,362,783	26,607,189
Accounts receivable, net	13,579,598	17,998,912
Assets whose use is limited	22,380,883	24,644,532
Assets held for sale	4,450,618	5,719,230
Property and equipment, net	550,792,961	519,512,846
Funds held in trust by others	20,257,550	19,321,794
Other assets	13,136,091	15,024,727
Total assets	$ 756,867,983	$ 718,689,139
Liabilities and Net Assets		
Accounts payable	$ 14,471,620	$ 13,150,627
Accrued expenses	21,472,839	21,930,264
Lines of credit	19,212,412	20,198,790
Resident deposits	7,210,046	3,154,014
Entrance fee payable	23,304,009	25,628,166
Other liabilities	8,797,344	6,839,085
Cares act funding liabilities	17,161,133	-
Long-term debt, senior living	276,799,001	263,086,850
Long-term debt, low income housing	43,910,457	37,043,633
Deferred revenue from entrance fees	112,158,263	114,311,832
Total liabilities	544,497,124	505,343,261
Net Assets		
Without donor restrictions before noncontrolling ownership interest in limited partnerships	122,515,746	123,864,253
Noncontrolling ownership interest in limited partnerships	60,087,745	61,405,216
Total net assets without donor restrictions	182,603,491	185,269,469
With donor restrictions	29,767,368	28,076,409
Total net assets	212,370,859	213,345,878
Total liabilities and net assets	$ 756,867,983	$ 718,689,139

See notes to consolidated financial statements

Consolidated of Operations and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020	2019
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	$ 209,684,750	$ 225,643,302
Amortization of entrance fees	18,850,991	18,164,508
Total resident services	228,535,741	243,807,810
Sales of other services and materials	197,654	260,120
Net rental income and developers' fees	1,042,407	707,793
Contributions, gifts, grants and bequests	1,755,226	646,095
Revenues from provider relief funds	12,991,034	-
Net assets released from restrictions	1,075,665	1,265,918
Total operating revenues and other support	245,597,727	246,687,736
Expenses:		
Nursing services	62,397,686	61,993,416
Rehabilitation	14,873,119	16,825,525
Recreation and special services	4,775,818	6,522,813
Pharmacy	3,069,580	3,455,897
Social services	1,646,334	1,688,939
Physician services	752,903	754,176
Food services	25,597,924	25,958,211
Building operations and maintenance	36,049,988	34,678,581
Housekeeping	4,230,361	4,244,349
Laundry and linen	1,310,355	1,336,190
Management and general	36,431,711	36,182,306
Employee benefits	13,266,700	14,479,462
Interest	8,541,652	9,685,825
Depreciation	29,714,156	28,706,696
Amortization	483,378	534,709
Fundraising	829,501	951,268
Total expenses before non-recurring expenses	243,971,166	247,998,363
Non-recurring expenses, COVID-19	16,766,401	-
Operating loss	(15,139,840)	(1,310,627)
Other income (loss):		
Investment income	2,297,607	2,406,333
Realized gain on investments	5,235,059	2,004,623
Unrealized gain on investments	2,941,432	4,667,428
Gain (loss) on sale of property	(176,432)	110,983
Loss on early extinguishment of debt	(75,093)	(165,422)
Loss on impairment of asset	-	(872,013)
Total other income	10,222,573	8,151,932
Revenues (less than) in excess of expenses	(4,917,267)	6,841,305
Equity received from tax credit limited partners	2,251,289	849,765
(Decrease) increase in net assets without donor restrictions	(2,665,978)	7,691,070

See notes to consolidated financial statements

	2020	2019
Net Assets With Donor Restrictions		
Contributions, gifts, grants and bequests	$ 1,271,429	$ 1,387,401
Investment income, net of investment expense	178,246	169,594
Unrealized gain on investments	1,316,949	2,233,423
Net assets released from restrictions	(1,075,665)	(1,265,918)
Increase in net assets with donor restrictions	1,690,959	2,524,500
(Decrease) increase in net assets	(975,019)	10,215,570
Net Assets, Beginning	213,345,878	203,130,308
Net Assets, Ending	$ 212,370,859	$ 213,345,878

See notes to consolidated financial statements

	2020	2019
Cash Flows From Operating Activities		
(Decrease) increase in net assets	$ (975,019)	$ 10,215,570
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	29,714,156	28,706,696
Provision for doubtful collections	1,829,978	1,944,394
Proceeds from non-refundable entrance fees and deposits	16,334,032	23,524,572
Amortization of entrance fees	(18,850,991)	(18,164,508)
Loss on early extinguishment of debt	75,093	165,422
Unrealized gain on investments and change in fair value of funds held in trust by others	(4,258,381)	(6,900,851)
Realized gain on investments	(5,235,059)	(2,004,623)
Loss (gain) on sale of property and equipment	176,432	(110,983)
Contributions restricted for long-term purposes	(28,411)	(59,112)
Amortization of deferred financing costs	198,995	233,946
Amortization of bond premium	(26,761)	(26,761)
Loss on impairment of asset	-	872,013
Changes in assets and liabilities:		
Accounts receivable	2,793,118	1,024,189
Entrance fee receivable	(203,782)	(661,923)
Other assets	1,888,636	(1,825,754)
Accounts payable	(1,089,542)	(1,725,377)
Accrued expenses	471,488	2,321,965
Other liabilities	1,958,259	326,374
Cares act funding liabilities	17,161,133	-
Net cash provided by operating activities	41,933,374	37,855,249
Cash Flows From Investing Activities		
Acquisition of property and equipment	(53,138,694)	(31,847,042)
Proceeds from sale of property and equipment	1,023,316	-
Purchases of investments	(36,188,577)	(43,204,221)
Proceeds from sale of investments	38,979,514	24,149,964
Net cash used in investing activities	(49,324,441)	(50,901,299)
Cash Flows From Financing Activities		
Payment of accounts payable, construction	(6,305,091)	(1,677,609)
Refunds of entrance fees and deposits	(7,128,315)	(6,909,893)
Proceeds from refundable entrance fees and deposits, resales	1,874,262	3,004,898
Proceeds from refundable entrance fees and deposits, new units	7,349,318	1,966,500
Principal payments on redemptions of long-term debt	(15,231,445)	(14,359,215)
Proceeds from issuance of long-term debt	39,272,252	19,518,074
Refunding, refinancing or payoff of long-term debt	(3,430,000)	(14,882,520)
Redemption of treasury bonds	-	50,000
Financing costs paid	(279,159)	(132,907)
(Repayments) borrowings on lines of credit	(986,378)	679,992
Contributions restricted for long-term purposes	28,411	59,112
Net cash provided by (used in) financing activities	15,163,855	(12,683,568)
Net change in cash, cash equivalents and restricted cash	7,772,788	(25,729,618)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	46,646,237	72,375,855
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 54,419,025	$ 46,646,237
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amount capitalized	$ 6,759,266	$ 9,242,942
Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	$ 7,786,713	$ 6,305,091
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 17,630,395	$ 14,558,254
Cash and cash equivalents included in investments	5,797,926	3,013,831
Restricted cash and cash equivalents in:		
Restricted deposits and funded reserves	12,894,110	10,543,411
Assets whose use is limited	18,096,594	18,530,741
Total cash, cash equivalents and restricted cash and cash equivalents	$ 54,419,025	$ 46,646,237

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 Presbtery 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, and Westminster Place at Windy Hill LP,II. 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 were $2,251,289 in 2020 and $849,765 in 2019. Revenues less than expenses attributed to noncontrolling interest totaled ($3,568,760) in 2020 and ($4,385,670) in 2019. Change in net assets attributed to the noncontrolling interest totaled ($1,317,471) in 2020 and ($3,535,905) in 2019.

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 fifteen 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.

The Corporation also owned 50 percent and 46 percent as of December 31, 2020 and 2019, respectively, of Prelude Systems, Inc., an information technology services organization.

The Corporation serves as a management company 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, 2020:

	Total	Nursing Beds	Personal Care/ Assisted Living	Independent Living	HUD/ Tax Credit
Presbyterian Homes Obligated Group	3,148	1,090	511	1,547	-
Glen Meadows Retirement Community	268	31	36	201	-
Presbyterian Apartments	165	-	-	83	82
Geneva House	64	-	-	-	64
Rental Communities	1,177	-	-	70	1107
Total	4,822	1,121	547	1,901	1,253

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.

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 2020 and 2019, 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 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 balance sheets 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 (less than) in excess of 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 recievable, 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 is 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.

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 $1,109,945 and $1,212,002 was capitalized in 2020 and 2019, respectively.

Assets Held for Sale

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

Funds Held in Trust by Others

The Corporation has 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:

	2020	2019
Beneficial interest in perpetual trusts	$ 19,675,603	$ 18,696,588
Gift annuities	15,611	15,548
Contributions receivable from remainder trusts	566,336	609,657
Total	$ 20,257,550	$ 19,321,793

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 $279,159 and $132,907, for the years ended 2020 and 2019, respectively. The Corporation wrote off $75,093 and $88,072 in financing costs, which is included in loss on early extinguishment of debt for the year ended December 31, 2020 and 2019, respectively. Amortization expense is expected to be $11,252, $11,218, $10,959, $10,959 and $10,959 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 - 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 fees 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 transferred to residents and the Corporation's performance obligation to the residents is satisfied, and is classified as deferred revenue from entrance fees on the combined statements of financial position.

The guaranteed refundable portion of entrance fees is classified as entrance fee payable on the combined statements of financial position and is not amortized to revenue. The gross contractual refund obligations under existing resident agreements was approximately $66,061,000 at December 31, 2020.

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, entrance fees. If the present value of the net costs of future services and the use of facilities exceeds deferred revenue, entrance fees, a liability is recorded with the corresponding change to income. As a result of the last calculation (as of December 31, 2019), 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, 2020 or 2019.

Net Assets

Net assets, revenues 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 restriction. 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.

Net Resident Service Revenues

Net resident service revenues are 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. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are 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. Net resident service revenues 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. Net resident service 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. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues 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 eliminates the fee-for-service (FFS) payment methodology. The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible will not change 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 Corproation 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

Revenues from provider relief funds include amounts received from federal and state 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 to provide financial support for hospitals and other healthcare providers. The Corporation received $7,654,465 in 2020 related to this funding. In accordance with the terms and conditions, the Corporation could apply the funding first against eligible expenses, and then against lost revenues. The Corporation's methodology for calculating lost revenues was the difference between 2020 budgeted and 2020 actual revenue. Additionally, the Corporation received $3,082,847 of CARES funding that was passed through the State of Pennsylvania Department of Human Services under Act 24 of 2020 to be used for eligible expenses. The Corporation also received an additional $2,253,722 in funding from the Provider Relief Fund for COVID-19 testing.

Noncompliance with the terms and conditions could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Health and Human Services (HHS) has indicated Relief Fund payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized; however, an estimate of the possible effects cannot be made as of the date these combined financial statements were issued. In addition, it's unknown whether there will be further developments in regulatory guidance.

The Corporation has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the CARES Act and Act 24 as of December 31, 2020 of $12,991,034 which were recognized and included in revenues from provider relief funds in the accompanying consolidated statement of operations and changes in net assets for the year ended December 31, 2020.

Paycheck Protection Program and Subsequent Event

In April 2020, the Corporation received various loans pursuant to the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration. The PPP was authorized in the CARES Act. 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 COVID-19 pandemic. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four 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 2 years if issued before, or 5 years if issued after, June 5, 2020 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.

Subject to certain eligibility and certification requirements under the PPP, some or all of the loans amounts may be forgiven; however, the amount and timing of any forgiveness is uncertain. Among other factors, loan eligibility is contingent upon economic uncertainty and necessity. The determination of necessity includes access to liquidity available to support the ongoing operations of the Corporation. The Corporation made a good-faith certification at the time of application regarding these elements and believes these certifications are still appropriate.

The Corporation initially recorded $11,655,000 of PPP loans as deferred revenue in accordance with guidance under ASC 958-605 for conditional contributions. The Corporation met the PPP's loan forgiveness requirements for one of the loans, and therefore, applied for forgiveness in June of 2020. Legal release was received during November of 2020, therefore, the Corporation recorded forgiveness revenue of the $1,000,900 within contributions, gifts, grants and bequests on the consolidated statements of operations and changes in net assets. The remaining loans of $10,654,100 are pending forgiveness as of December 31, 2020 and are included in cares act funding liabilities in the accompanying consolidated statement of financial position as of December 31, 2020. The Corporation will record the forgiveness in accordance with revenue recognition guidance under ASC 958-605 for conditional contributions once forgiveness is received by the SBA. The Corporation believes that it has met all requirements of the program, however, due to lack of guidance from the SBA, cannot make a final conclusion until forgiveness occurs. The Corporation believes it will receive forgiveness and the remaining deferred revenue will be recognized as revenue within its consolidated statement of operations and changes in net assets for the year-end December 31, 2021.

Compliance with the terms and conditions of the funding received above is subject to future government review and interpretation as well as significant regulatory action for noncompliance. 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, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan or repaid in full and to provide that documentation to the SBA upon request. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with the terms and conditions, and it is not possible to determine the impact (if any) on the Corporation.

As a part of the Consolidated Appropriations Act, 2021, stimulus package passed in December of 2020, the SBA opened a second round of Paycheck Protection Program funding. Glen Meadows Retirement Community and Cathedral Village met the requirements to file for a second round and the applications were submitted on January 13, 2021 and January 19, 2021, respectively. The applications were approved and funded by the SBA on January 27, 2021 for $1,169,009 and February 19, 2021 for $2,000,000, respectively.

Medicare Advance Payments

The CARES Act also included provisions to expand the Centers for Medicare and Medicaid Services Accelerated and Advance Payment Program in order to improve cash flows for providers impacted by the COVID-19 pandemic. In April 2020, the Corporation received $6,507,033 in payments under this program. Repayments of the advances to the government is scheduled to begin one year after receipt of the advances and end 29 months later, at which time the advances are required to be repaid in full or any remaining outstanding amounts will be subject to interest at 4 percent. The Corporation expects to begin repaying the Medicare advances during 2021. The repayments are expected to occur automatically through a partial reduction in Medicare payments due to the Corporation for services rendered to Medicare program beneficiaries. The Corporation expects services rendered during the recoupment period to be sufficient to offset the payments received. The amount is included in cares act funding liabilities in the accompanying consolidated statement of financial position as of December 31, 2020.

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:

	2020	2019
Charity care provided at the estimated cost thereof, net of amounts received from residents and third-party payors	$ 6,730,708	$ 7,013,914
Additional benevolent care provided at amounts less than preestablished charges for private pay services	35,019,726	36,722,231
Giving and income designated for resident financial support	295,215	352,985

Advertising

Advertising costs are expensed in the year incurred. Total advertising expense for the years ended December 31, 2020 and 2019, was $779,689 and $1,008,608, 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 (less than) in excess of expenses." Changes in net assets without donor restrictions which are excluded from this measure are equity received from tax credit limited partners.

Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the presentation of 2020.

Subsequent Events

The Corporation has evaluated subsequent events through April 12, 2021, which is the date the consolidated financial statements were issued.

3. Net Resident Service Revenues

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 service revenue by payor and level of care for the years ended December 31, 2020 and 2019, is as follows:

	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

	2019						
	Independent Living	Personal Care/ Assisted Living	Health Center	Outpatient	Rental/ Affordable	Other	Total
Private pay	$ 59,490,128	$ 30,956,239	$ 32,348,026	$ 687,926	$ 11,817,068	$ 3,576	$ 135,302,963
Medicare	1,530,550	2,531,915	36,418,627	16,506	-	-	40,497,598
Medicaid	-	-	46,552,197	256,747	-	-	46,808,944
Other	26,580	-	1,602,371	199,815	-	1,205,031	3,033,797
Amortization of nonrefundable entrance fees	17,849,375	315,133	-	-	-	-	18,164,508
Total	$ 78,896,633	$ 33,803,287	$ 116,921,221	$ 1,160,994	$ 11,817,068	$ 1,208,607	$ 243,807,810

Revenues from Medicare and Medicaid represent approximately 34 percent and 38 percent of revenues for the years 2020 and 2019, respectively. Medicare and Medicaid receivables represent approximately 52 percent and 44 percent of accounts receivable as of December 31, 2020 and 2019, respectively.

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:

	2020	2019
Cash	$ 3,397,923	$ -
Money market funds	33,390,707	32,087,983
Marketable equity securities	3,288,498	2,931,110
Mutual funds:		
Equity	37,852,885	35,151,498
Fixed income	35,687,294	31,687,638
Equity method investment	1,226,715	1,440,835
Alternative investments	22,176,748	23,254,312
Total investments, restricted deposits and funded reserves and assets whose use is limited	137,020,770	126,553,376
Less:		
Assets whose use is limited:		
Debt service reserve fund	(767,796)	(758,206)
Debt service escrow fund	(11,160,046)	-
Investments held in perpetuity	(5,515,933)	(5,476,564)
Project fund	(3,851,090)	(17,324,107)
Assets designated for renovation and charity care	(756,996)	(778,682)
Bond fund	(329,022)	(306,973)
Restricted deposits and funded reserves:		
Deposits for low income housing projects	(12,894,109)	(12,182,620)
Statutory liquid reserves	(13,670,554)	(12,216,204)
Operating reserve fund	(1,798,120)	(2,208,365)
Total investments	$ 86,277,104	$ 75,301,655

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 combined balance sheets 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 $1,391,482 and $1,592,000 at December 31, 2020 and 2019, 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, 2020 and 2019, are as follows:

	Fair Value as of December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 33,390,707	$ 33,390,707	$ -	$ -
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	110,219,384	110,219,384	-	-
Funds held in trust by others	20,257,550	-	-	20,257,550
Total assets	$ 130,476,934	$ 110,219,384	$ -	$ 20,257,550

	Fair Value as of December 31, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 32,087,983	$ 32,087,983	$ -	$ -
Marketable equity securities	2,931,110	2,931,110	-	-
Mutual funds:				
Equity	35,151,498	35,151,498	-	-
Fixed income	31,687,638	31,687,638	-	-
Total investments	101,858,229	101,858,229	-	-
Funds held in trust by others	19,321,794	-	-	19,321,794
Total assets	$ 121,180,023	$ 101,858,229	$ -	$ 19,321,794

The reconciliation of total investments, restricted deposits and funded reserves and assets whose use is limited for the years ended December 31 is as follows:

	2020	**2019**
Cash and cash equivalents	$ 3,397,923	$ -
Measured at net asset value	22,176,748	23,254,312
Measured using the equity method	1,226,715	1,440,835
Measured at fair value	110,219,384	101,858,229
Total investments, restricted deposits and funded reserves and assets whose use is limited	$ 137,020,770	$ 126,553,376

For investments falling within Level 3 in the fair value hierarchy, the activity recognized during the years ended December 31, 2020 and 2019, is as follows:

	Funds Held in Trust by Others
Balance, December 31, 2018	$ 17,388,344
Unrealized and realized gains, net of earnings distributed	1,933,450
Balance, December 31, 2019	19,321,794
Unrealized and realized gains, net of earnings distributed	935,756
Balance, December 31, 2020	$ 20,257,550

Unrealized and realized gains, net of earnings distributed on funds held in trusts by others are included in assets with donor restrictions on the consolidated statements of operations and changes in net assets.

5. Liquidity

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

	2020	2019
Cash and cash equivalents	$ 17,630,395	$ 14,558,254
Investments	86,277,104	75,301,655
Accounts receivable, net	13,579,598	17,998,912
Total	$ 117,487,097	$ 107,858,821

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 a committed lines of credit (Note 9) that total $21,750,000 and 22,500,000 as of December 31, 2020 and 2019, respectively that it draws upon as needed. As of December 31, 2020 and 2019, the line of credit had approximately $3,538,000 and $2,301,000, 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 and 46 percent as of December 31, 2020 and 2019, respectively, and is accounted for under the equity method of accounting. It is included in investments and totaled $1,226,715 and $1,440,835 as of December 31, 2020 and 2019, respectively. During 2020 and 2019, Presbyterian Senior Living incurred expenses related to Prelude of approximately $3,380,796 and $3,869,174, respectively, for information technology services provided by Prelude, of which $257,346 and $222,346 was included in accounts payable as of December 31, 2020 and 2019, respectively.

7. Property and Equipment

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

	2020	2019
Land	$ 63,315,189	$ 62,070,420
Land improvements	41,927,989	41,616,785
Buildings and improvements	739,538,376	690,749,969
Departmental equipment, furniture and fixtures	76,574,063	73,213,789
Vehicles	3,160,764	3,104,508
Construction-in-progress	41,077,100	34,553,337
	965,593,481	905,308,808
Accumulated depreciation	(414,800,520)	(385,795,962)
Total	$ 550,792,961	$ 519,512,846

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, 2020, the Corporation had entered into construction contracts totaling approximately $42,300,000 for various projects. Costs incurred through December 31, 2020 were approximately $24,400,000 related to the projects. As of December 31, 2020 and 2019, respectively, the Corporation had approximately $7,787,000 and $$6,305,000 outstanding of construction payable included in accounts payable 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 has been moved to 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.

8. Long-Term Debt

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

	2020	2019
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% and 2.69% for December 31, 2020 and 2019, respectively, interest will be reset in three year increments.	$ 857,887	$ 1,047,157
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 .05% and 1.76% as of December 31, 2020 and 2019, respectively.	147,194	203,716
Cumberland County Municipal Authority Revenue Bonds Series 2003B, variable rate bonds, held by First National Bank, principal maturities in varying amounts from 2016 to 2032, interest fixed at 3.80%.	5,335,000	5,660,000
Series 2005 College Township Revenue Bonds, held by First National Bank, payable in equal installments to include principal and interest through September 2026, the bonds bear a floating interest rate, which will reset in five year increments and was 3.67% as of December 31, 2020 and 2019.	1,435,445	1,655,054
Cumberland County Municipal Authority Revenue Bonds Series 2013A, held by Key Bank, principal due in varying annual amounts from 2016 to 2026, interest is fixed at 3.11%, interest will be reset in ten year increments.	5,735,207	6,261,208
Cumberland County Municipal Authority Revenue Bonds Series 2008C, variable rate bonds, converted to fixed rate bonds in 2013, principal maturities in varying amounts from 2016 to 2026, interest rates ranging from 3.80% to 4.00%.	10,300,000	13,730,000
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 1.54% and 2.76% as of December 31, 2020 and 2019, respectively.	13,715,690	14,737,782
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, 2020 and 2019.	9,593,406	10,017,081
General Municipal Authority of the Township of Manheim Revenue Bonds Series 2011, held by M&T Bank, principal maturities based on a twenty year repayment schedule, interest is fixed at 4.13% as of December 31, 2020 and 2019.	6,353,765	6,818,224

	2020	2019
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 was fixed at 4.14% as of December 31, 2020 and 2019.	$ 6,646,226	$ 7,098,302
Uwchlan Township Industrial Development Authority Revenue Note Series 2012, held by First National Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to June 2032, interest is fixed at 3.50% until June 2022, interest rate will be reset in ten year increments.	6,593,844	7,049,510
Cumberland County Municipal Authority Revenue Bonds Series 2013B, held by Key Bank, principal due in varying annual amounts from 2013 to 2022, interest is fixed at 3.11% as of December 31, 2020 and 2019.	2,725,136	3,594,636
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 was fixed at 4.17% as of December 31, 2020 and 2019.	7,116,970	7,555,043
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 4.75% to 5.00%.	8,220,000	8,475,000
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 was fixed at 3.63% until November 2028, interest will be reset in ten year increments.	9,564,500	9,631,500
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 was fixed at 3.63% until November 2028, interest will be reset in ten year increments.	9,564,500	9,631,500
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.	7,788,289	8,210,958
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.	7,814,721	8,239,239
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 2.19% and 3.75% as of December 31, 2020 and 2019, respectively.	3,016,705	3,624,356

	2020	2019
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 2.25% and 3.80% as of December 31, 2020 and 2019, respectively.	$ 3,029,163	$ 3,656,289
Abington Township Industrial and Commercial Development Authority Revenue Bonds, Series 2015, held by First National Bank, payable in equal monthly installments of principal and interest sufficient to amortize the principal balance to October 2035, interest is variable and was 2.35% as of December 31, 2020 and 2019, interest rates will be reset in five year increments.	7,855,565	8,291,854
Cumberland County Municipal Authority Revenue Bonds Series 2015A, held by Bank of America, principal due in varying monthly amounts through maturity in December 2021, interest is fixed at 2.28%.	1,734,596	3,398,363
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 and was 3.23% as of December 31, 2020 and 2019, interest resets in ten year increments.	8,315,653	8,672,798
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 1.41% and 2.45% as of December 31, 2020 and 2019, respectively.	13,785,333	14,019,333
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 2021, interest rates will be reset in five year increments.	17,877,020	18,502,154
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 1.85% and 3.41% as of December 31, 2020 and 2019, respectively.	3,395,918	3,675,408
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, 2020 and 2019, interest resets in ten year increments.	29,277,000	30,000,000
Term loan, principal and interest are payable in equal monthly installments of $100,483, interest is fixed at 4.15% until April 2022. Thereafter interest will be reset in five year increments, until the loan matures in 2027.	10,853,241	11,584,236
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%	158,093	207,663

	2020	2019
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%	$ 321,261	$ 406,916
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	7,610,929	8,021,569
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, 2020, with monthly payments of $10,457 beginning November 2017, payments are based on a 20 year amortization table, interest is fixed at 4.25% for two years	1,504,838	1,564,057
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, 2020 and 2019, respectively	2,271,779	2,334,191
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, 2020 and 2019.	2,118,756	2,290,764
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% as of December 31, 2020.	6,529,909	6,994,082
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% as of December 31, 2020.	7,225,609	7,663,455
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.	3,934,331	-
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 amorzation schedule, due in June 2030. The bonds bear a fixed interest rate equal to 2.49% as of December 31, 2020.	13,955,000	-
Northamption County Industrial Development Authurity 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.	14,000,000	-
	278,278,479	264,523,398
Plus unamortized premium	292,027	318,788
Less deferred financing costs	(1,771,505)	(1,755,336)
Total	$ 276,799,001	$ 263,086,850

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

	2020	2019
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
Construction loan, maximum of $200,000, provided by First National Bank of Pennsylvania, interest accrues at variable rate equal to one-month LIBOR which was 3.67%	-	200,000
Mortgage note payable, Pennsylvania Housing Finance Agency, 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 $108,301 and $98,674 has been added to the principal balance as of December 31, 2020 and 2019, 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	962,675
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, Pennsylvania Housing Finance Agency, 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 2020 and 2019, respectively, in accordance with the TCAP agreement	1,280,460	1,291,110
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, Pennsylvania Housing Finance Agency, monthly payments of principal and interest to equal $29,035 annually, interest at a rate of 6.25%, principal payments totaling $12,039 and $11,312 were made during 2020 and 2019, respectively. The loan matures December 2034	265,354	277,393

	2020	2019
PennHOMES loan, Pennsylvania Housing Finance Agency, 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	$ 1,224,515	$ 1,234,115
PennHOMES loan, Pennsylvania Housing Finance Agency, 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	929,560	952,310
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, Pennsylvania Housing Finance Agency, noninterest bearing, principal is payable out of available cash flow as defined in the TCAP agreement. The loan is due May 25, 2041	5,511,662	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, Pennsylvania Housing Finance Agency, 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	401,931	438,531
Mortgage note payable, Pennsylvania Housing Finance Agency, monthly payments of principal and interest to equal $2,016, interest rate of 6.25%, with the loan maturing in December 2034	221,079	231,109

	2020	2019
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 affordablilty 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	2,360,845	2,409,056
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	79,689	89,393
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	164,159	168,808
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	274,578	304,411
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	625,000	650,000
Mortgage note payable, Redevelopment Authority of the County of Lancaster, interest varies and is assessed at 4.65% on the unpaid principal balance as of December 31, 2018. Monthly payment of principal and interest begin January 2018 until maturity in January 2048	1,517,075	1,559,535

	2020	2019
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%. The loan is due and payable August 18, 2021	$ 11,000,000	$ 4,342,375
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	-
	44,185,042	37,329,316
Less deferred financing costs	(274,585)	(285,683)
Total	$ 43,910,457	$ 37,043,633

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 2020, the Cumberland County Municipal Authority Revenue Bonds Series 2008C were advance-refunded with Series 2020 Bonds of $13,955,000 and the remaining $10,500,000 was placed into the debt service reserve fund included in assets whose use is limited in the accompanying combined balance sheet as of December 31, 2020. On June 3, 2021, the amount will be paid.

Scheduled maturities for the five years subsequent to December 31, 2020, and thereafter for the senior living debt are as follows:

Years ending December 31:	
2021	$ 27,155,612
2022	16,918,318
2023	16,780,774
2024	17,385,942
2025	17,046,771
Thereafter	182,991,062
Total	$ 278,278,479

Scheduled maturities for the five years subsequent to December 31, 2020, and thereafter for low-income housing debt are as follows:

Years ending December 31:	
2021	$ 6,657,697
2022	4,456,963
2023	141,252
2024	146,781
2025	152,391
Thereafter	32,629,958
Total	$ 44,185,042

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, 2020 and 2019, under the line of credit agreements, the Corporation had available a maximum of $21,750,000 and $22,500,000, respectively from the financial institutions. As of December 31, 2020 and 2019, the Corporation had $19,212,412 and $20,198,790, respectively, outstanding under these agreements at interest rates ranging from 1.69 percent to 2.69 percent and with maturity dates ranging from July 2021 to November 2021.

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 2020 and 2019, the Corporation maintained a surety bond for $3,000,000 in connection with this self-insurance program. As of December 31, 2020 and 2019, the Corporation has recorded an accrued expense of approximately $4,500,000 and $3,900,000, 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. During 2019 the Corporation began accruing for deductibles on any current claim outstanding. The Corporation also added a provision for estimated losses in 2019. This provision increased other assets and accounts payable by $1,500,000. 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.

	2020	2019
Subject to expenditure for specified purpose:		
Caring community	$ 321,892	$ 100,602
Community enhancement	841,913	647,967
	1,163,805	748,569
Subject to the passage of time:		
Promises to give that re not restricted by donors, but which are unavailable for expenditure until due	327,420	414,635
Gift annuities	15,611	15,548
Contributions receivable from remainder trusts	566,337	609,657
	909,368	1,039,840
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Educational scholarship	49,976	39,575
Benevolent care	293,690	290,021
Community enhancement	510,683	196,175
	854,349	525,771
Subject to endowment spending policy and appropriation:		
Educational scholarship	228,459	228,459
Benevolent care	1,714,737	1,675,776
Community enhancement	4,390,962	4,331,320
	6,334,158	6,235,555
Total endowments	7,188,507	6,761,326
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	19,675,602	18,696,588
Trust assets held for the benefit of the Easton Home	830,086	830,086
	20,505,688	19,526,674
Total	$ 29,767,368	$ 28,076,409

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, 2020 and 2019:

	2020	2019
Expiration of time restrictions	$ 247,514	$ 405,142
Satisfaction of purpose restriction:		
Caring community	19,170	26,828
Community enhancement	714,990	723,631
Restricted-purpose spending rate distributions and appropriations:		
Educational scholarship	500	2,018
Benevolent care	31,968	30,742
Community enhancement	61,523	77,557
Total	$ 1,075,665	$ 1,265,918

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, 2020 and 2019:

	Without Donor Restrictions		With Donor Restrictions	
	2020	**2019**	**2020**	**2019**
Endowment net assets, beginning of year	$ 493,257	$ 473,948	$ 6,761,326	$ 6,328,709
Investment income	20,096	19,309	178,246	169,594
Contributions	-	-	342,926	373,341
Appropriation of endowment assets for expenditures	-	-	(93,991)	(110,318)
Endowment net assets, end of year	$ 513,353	$ 493,257	$ 7,188,507	$ 6,761,326

The value of the original gifts plus subsequent gifts to be held in perpetuity totaled $6,334,158 and $6,235,555 for the year ended December 31, 2020 and 2019, 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, 2020 or 2019.

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 2020 and 2019. 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 one 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, 2020 and 2019, retirement plan expense totaled approximately $715,000 and $1,464,000, 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, 2020 and 2019:

	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	10,782,217	6,956,058	53,571	17,791,846
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 of goodwill	367,407	115,972	-	483,379
Bad debt (recovery)	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	$ 27,680,848	$ 805,762	$ 260,737,567

	2019			
	Resident Services	**General and Administrative**	**Fundraising and Development**	**Total**
Salaries and wages	$ 88,333,862	$ 10,668,287	$ 395,211	$ 99,397,360
Employee benefits and other employee costs	13,238,688	1,726,221	68,964	15,033,873
Payroll taxes	6,241,965	675,614	27,244	6,944,823
Professional services	8,132,970	1,546,081	99,440	9,778,491
Management services	18,742	40,137	-	58,879
Accounting fees	184,531	169,402	-	353,933
Legal fees	67,153	1,303,208	-	1,370,361
Advertising and promotion	928,909	500	79,199	1,008,608
Office expenses	4,316,558	4,055,273	89,286	8,461,117
Information technology	1,175,643	830,035	44,623	2,050,301
Occupancy	16,637,731	824,391	30,398	17,492,520
Travel	416,895	407,247	44,315	868,457
Conferences and meetings	84,462	140,036	2,732	227,230
Interest	8,699,145	936,371	50,309	9,685,825
Insurance	3,418,395	91,618	4,213	3,514,226
Training and development	952	89,437	-	90,389
Depreciation	28,409,920	289,433	7,343	28,706,696
Amortization of goodwill	361,570	173,139	-	534,709
Bad debt (recovery)	26,669	1,944,810	-	1,971,479
Pharmacy	3,455,897	-	-	3,455,897
Medical supplies	3,346,474	-	-	3,346,474
Therapy services	16,124,534	-	-	16,124,534
Dietary services	6,677,297	-	-	6,677,297
Food, beverages and supplies	8,310,055	51,936	-	8,361,991
Maintenance and repairs	2,327,563	147,339	7,991	2,482,893
Total cost of services provided	$ 220,936,580	$ 26,110,515	$ 951,268	$ 247,998,363

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 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 combined financial statements were available to be issued. COVID-19 may impact various parts of the Corporation's 2021 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.