Presbyterian Homes Obligated Group

Combined Financial Statements and
Supplementary Information

December 31, 2020 and 2019

Certification of Chief Executive and Chief Financial Officers

We are responsible for the combined financial statements of the Presbyterian Homes Obligated Group 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, process, 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.

Combined financial statements report our financial positions 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 combined financial statements disclose information that is important to create a complete picture of our stewardship of financial resources.

Combined 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 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 Homes Obligated Group

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Presbyterian Homes Obligated Group (the Obligated Group) which comprise the combined statements of financial position as of December 31, 2020, and the related combined statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Presbyterian Homes Obligated Group 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 Combined Financial Statements

The combined 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 34 through 35 is presented for purposes of additional analysis rather than to present the financial position, results of operations and changes in net assets and cash flows of the individual corporations and is not a required part of the combined financial statements. Additionally, the other supplementary information appearing on page 36 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the reports of the other auditors, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 12, 2021

Presbyterian Homes Obligated Group

Combined Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Assets		
Cash and cash equivalents	$ 12,110,330	$ 11,139,633
Investments	83,331,986	72,958,043
Statutory liquid reserves	13,670,554	12,216,204
Accounts receivable, net	12,432,750	16,406,914
Assets whose use is limited	17,929,702	23,569,588
Assets held for sale	2,350,618	3,619,230
Property and equipment, net	381,271,663	356,488,553
Due from affiliates, net	86,723,738	80,989,105
Funds held in trust by others	20,257,550	19,321,794
Other assets	6,516,847	6,617,230
Total assets	$ 636,595,738	$ 603,326,294
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 12,508,432	$ 8,604,402
Accrued expenses	16,499,374	16,701,169
Lines of credit	14,212,412	15,198,790
Resident deposits	6,313,719	2,338,788
Entrance fee payable	9,648,523	10,850,556
Other liabilities	5,066,233	3,197,311
Cares act funding liabilities	13,644,706	-
Long-term debt	248,331,284	236,946,145
Deferred revenues from entrance fees	105,563,008	107,071,801
Total liabilities	431,787,691	400,908,962
Net Assets		
Without donor restrictions	177,052,198	175,925,637
With donor restrictions	27,755,849	26,491,695
Total net assets	204,808,047	202,417,332
Total liabilities and net assets	$ 636,595,738	$ 603,326,294

See notes to combined financial statements

Statements 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	$ 184,334,407	$ 199,621,840
Amortization of entrance fees	17,531,498	16,955,577
Total resident services	201,865,905	216,577,417
Contributions, gifts and bequests	666,812	459,266
Revenues from provider relief funds	12,502,478	-
Net assets released from restrictions	900,638	1,216,581
Total operating revenues and other support	215,935,833	218,253,264
Expenses:		
Nursing services	59,895,338	59,488,679
Rehabilitation	14,157,544	16,118,459
Recreation and special services	4,013,901	4,604,833
Pharmacy	3,001,700	3,354,446
Social services	993,605	1,015,769
Physician services	727,903	729,176
Food Services	23,331,177	23,819,083
Building operations and maintenance	25,960,232	25,822,462
Housekeeping	3,885,356	3,871,340
Laundry and linen	1,251,814	1,272,211
Management and general	30,477,684	32,741,036
Employee benefits	11,059,466	11,494,826
Interest	6,942,336	7,966,263
Depreciation	22,327,535	21,525,057
Amortization	282,601	282,601
Fundraising	501,396	742,586
Total expenses before nonrecurring expenses	208,809,588	214,848,827
Nonrecurring expenses, COVID-19	12,692,325	-
Operating (loss) income	(5,566,080)	3,404,437
Other income (loss):		
Investment income	2,188,723	2,085,992
Realized gain on investments	5,290,142	1,982,030
Unrealized gain on investments	2,828,905	4,137,173
Loss on sale of property	(214,042)	(670,883)
Loss on early extinguishment of debt	(75,093)	(165,422)
Loss on impairment of asset	-	(505,085)
Total other income	10,018,635	6,863,805
Revenues in excess of expenses	4,452,555	10,268,242
Transfer to affiliated entity	(3,325,994)	-
Increase in net assets without donor restrictions	1,126,561	10,268,242

See notes to combined financial statements

	2020	2019
Net Assets With Donor Restrictions		
Contributions, gifts and bequests	$ 728,843	$ 973,389
Investment income, net of investment expense	119,000	116,614
Unrealized gain on investments	1,316,949	2,233,423
Net assets released from restrictions	(900,638)	(1,216,581)
Increase in net assets with donor restrictions	1,264,154	2,106,845
Increase in net assets	2,390,715	12,375,087
Net Assets, Beginning	202,417,332	190,042,245
Net Assets, Ending	$ 204,808,047	$ 202,417,332

Presbyterian Homes Obligated Group

Combined Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Increase in net assets	$ 2,390,715	$ 12,375,086
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	22,327,535	21,525,057
Provision for doubtful collections	1,679,115	(295,410)
Proceeds from nonrefundable entrance fees and deposits	15,332,945	21,604,070
Amortization of entrance fees	(17,531,498)	(16,955,577)
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	(4,145,854)	(6,370,596)
Realized gain on investments	(5,290,142)	(1,982,030)
Loss on sale of property and equipment	214,042	670,883
Contributions restricted for long-term purposes	(28,411)	(59,112)
Amortization of deferred financing costs	155,616	195,666
Amortization of bond premium	(26,762)	(26,761)
Loss on impairment of asset	-	505,085
Changes in assets and liabilities:		
Accounts receivable	2,776,752	3,043,350
Entrance fee receivable	(481,703)	(379,727)
Other assets	100,383	(294,675)
Accounts payable	1,105,168	(2,761,670)
Accrued expenses	253,261	1,752,183
Other liabilities	1,868,922	184,202
Cares act funding liabilities	13,644,706	-
Net cash provided by operating activities	34,419,883	32,895,446
Cash Flows From Investing Activities		
Acquisition of property and equipment	(40,200,360)	(24,165,993)
Proceeds from sale of property and equipment	1,303,466	1,980,000
Purchases of investments	(30,160,727)	(30,968,348)
Proceeds from sale of investments	33,076,075	11,775,866
Due from affiliates	(5,734,633)	(1,979,846)
Net cash used in investing activities	(41,716,179)	(43,358,321)
Cash Flows From Financing Activities		
Payment of accounts payable, construction	(4,815,375)	(1,677,609)
Refunds of entrance fees and deposits	(4,437,514)	(4,484,519)
Proceeds from refundable entrance fees and deposits, resales	550,854	180,093
Proceeds from refundable entrance fees and deposits, new units	7,349,318	1,966,500
Principal payments on redemptions of long-term debt	(13,133,752)	(12,573,234)
Proceeds from issuance of long-term debt	27,955,000	14,805,170
Refunding, refinancing or payoff of long-term debt	(3,430,000)	(14,882,520)
Redemption of treasury bonds	-	50,000
Financing costs paid	(210,056)	(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	8,870,508	(16,009,922)
Net change in cash, cash equivalents and restricted cash	1,574,212	(26,472,797)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	30,920,253	57,393,050
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 32,494,465	$ 30,920,253
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	$ 6,879,300	$ 7,715,674
Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	$ 7,159,181	$ 4,815,375
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 12,110,330	$ 11,139,633
Cash and cash equivalents in investments	5,780,241	1,081,811
Restricted cash and cash equivalents in:		
Statutory reserves	1,640,758	168,942
Assets whose use is limited	12,963,136	18,529,867
Total cash, cash equivalents, and restricted cash and cash equivalents	$ 32,494,465	$ 30,920,253

See notes to combined financial statements

1. General Information

The Presbyterian Homes Obligated Group (the Obligated Group) consists of the following not-for-profit corporations: Presbyterian Homes, Inc. (Pres Homes), Presbyterian Homes in the Presbytery of Huntingdon (PHPH), Quincy Retirement Community (QRC), The Long Community, Inc. (TLC), PHI Investment Management Services, Inc. (PIMSI), and Cathedral Village (CA). Among all the members of the Obligated Group, they own, operate and manage twelve continuing care retirement communities, three stand-alone independent living facilities and two stand-alone personal care homes.

The Obligated Group is governed by the Board of Trustees of PHI, doing business as Presbyterian Senior Living. Presbyterian Senior Living (PSL) is the parent organization for the members of the Obligated Group.

The following table details the number of beds/units that operate under each member of the Group:

	Total	Pres Homes	PHPH	QRC	TLC	CA
Nursing beds	1,090	575	251	134	-	130
Personal care units	511	309	90	80	32	-
Independent living units	1,547	783	155	230	108	271
Total	3,148	1,667	496	444	140	401

2. Summary of Significant Accounting Policies

Basis of Combination and Accounting

These combined financial statements were prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting, and only include those entities set forth in the master trust indenture by and among BNY Mellon, dated May 1, 2008 that make up the Obligated Group, as amended through the thirty-second supplemental indenture dated November 1, 2019. All material intercompany balances and transactions have been eliminated.

Income Taxes

The Obligated Group and all its members are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and have been recognized as tax exempt under Section 501(a) of the IRC.

Use of Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America as set forth in the master trust indenture 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 combined 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 Obligated Group considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents for the purposes of the combined statements of financial position and cash flows, except for those included in investments or assets whose use is limited. The Obligated Group's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At times during 2020 and 2019, the Obligated Group's cash balances may have exceeded the FDIC coverage. The Obligated Group has not experienced any loss in these accounts.

Restricted cash included in statutory reserves represents amounts required by the Continuing Care Provider Registration and Disclosure Act in Pennsylvania, which 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 Obligated Group 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. 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 and Investment Risk

The Obligated Group's investments are comprised of a variety of financial instruments. The fair values reported in the combined 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 combined 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 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 Obligated Group 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 Obligated Group has exhausted all collection efforts and accounts are deemed impaired.

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

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 donor-restricted investments.

Property and Equipment

Property and equipment are 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 Obligated Group'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 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 $1,189,610 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 members of the Obligated Group have been named as a beneficiary of several trusts which are administered and controlled by independent trustees. The trusts are recorded as contribution revenue when the Obligated Group is notified of the trust's existence. The Obligated Group receives the earnings from these trusts whose principal is to be held in perpetuity. The earnings from the trust 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 included in donor-restricted unrealized gains or losses on investments.

Also included in funds held in trust by others are gift annuities 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	$ 18,696,589
Contributions receivable from remainder trusts	566,336	609,657
Gift annuities	15,611	15,548
Total funds held in trust by others	$ 20,257,550	$ 19,321,794

Deferred Financing Costs

The Obligated Group 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 Obligated Group incurred financing costs of $210,056 and $132,907 during the years ended December 31, 2020 and 2019, respectively. The Obligated Group refunded $75,093 in financing costs, which is included in loss on early extinguishment of debt for the year ended December 31, 2020. Amortization expense is expected to be $115,509, $112,144, $110,461, $110,461 and $109,186 for the next five years, respectively, and is classified as interest expense on the combined statements of operations and changes in net assets. Unamortized deferred financing costs are a direct deduction from the associated long-term debt included on the combined 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.

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 Obligated Group 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 Obligated Group after the resident leaves the 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 Obligated Group'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 $52,406,000 at December 31, 2020.

Obligation to Provide Future Service

The Obligated Group periodically calculates the present value of the net cost 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 cost 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 discount 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 as of December 31, 2020 or 2019.

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 Obligated Group 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.

In addition to the statutory liquid reserves, deposit and entrance fee payments received by the Obligated Group prior to the date the resident occupies the living unit as of December 31, 2020 and 2019 was approximately $2,400,000. The amounts are also included in the required statutory liquid reserves and cash and cash equivalents on the accompanying combined statements of financial position.

Net Assets

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

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

Net Assets With Donor Restrictions - 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 Obligated Group 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 combined 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 restriction in the accompanying combined financial statements.

The Obligated Group 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 Obligated Group 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 on 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 Obligated Group 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 Obligated Group 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 Obligated Group 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 Obligated Group does not believe it is required to provide additional goods or services related to that sale.

Payment terms and conditions for the Obligated Group'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 Obligated Group receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. The Obligated Group'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 Obligated Group 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 Obligated Group's clinical assessment of its residents. The Obligated Group 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 Obligated Group accounts for this funding in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the Obligated Group 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 Obligated Group received $7,236,403 in 2020 related to this funding. In accordance with the terms and conditions, the Obligated Group could apply the funding first against eligible expenses, and then against lost revenues. The Obligated Group's methodology for calculating lost revenues was the difference between 2020 budgeted and 2020 actual revenue. Additionally, the Obligated Group 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 Obligated Group also received an additional $2,183,228 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 Obligated Group 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 $12,502,478 which were recognized and included in revenues from provider relief funds in the accompanying combined 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 Obligated Group 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 Obligated Group 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 Obligated Group. The Obligated Group made a good-faith certification at the time of application regarding these elements and believes these certifications are still appropriate.

The Obligated Group initially recorded $7,515,900 of PPP funds as deferred revenue in cares act funding liabilities in the accompanying combined statement of financial position as of December 31, 2020. The Obligated Group 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 Obligated Group 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 Obligated Group believes it will receive forgiveness and the remaining deferred revenue will be recognized as revenue within its combined 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 Obligated Group's compliance with the terms and conditions, and it is not possible to determine the impact (if any) on the Obligated Group.

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. CA met the requirements to file for a second round and the application was submitted on January 19, 2021. The application was approved and funded by the SBA on February 19, 2021 for $2,000,000.

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 Obligated Group received $6,128,806 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 Obligated Group 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 Obligated Group for services rendered to Medicare program beneficiaries. The Obligated Group 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 combined statement of financial position as of December 31, 2020.

Charity Care

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

The Obligated Group'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 Obligated Group also receives donations and income from donor-restricted trusts and investments designated to the needs of its residents under this policy.

Amounts the Obligated Group 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	$ 6,023,318	$ 6,529,190
Additional benevolent care provided at amounts less than preestablished charges for private pay services	34,310,168	35,970,343
Giving and income designated for resident financial support	282,384	348,574

Advertising

Advertising costs are expensed in the year incurred. Total advertising expense for the years ended December 31, 2020 and 2019, amounted to $542,164 and $739,165, respectively.

Performance Indicator

The Obligated Group measures the performance of its operations using the combined statements of operations and changes in net assets, which includes a performance indicator of operations labeled as "Revenues in excess of expenses."

Reclassifications

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

Subsequent Events

The Obligated Group has evaluated subsequent events through April 12, 2021, which is the date the combined financial statements were issued.

3. Net Resident Service Revenues

The Obligated Group 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	Other	Total
Private Pay	$ 50,359,135	$ 27,282,356	$ 29,496,980	$ 382,936	$ -	$ 107,521,407
Medicare	964,083	2,838,015	29,236,109	52,626	-	33,090,833
Medicaid	-	-	42,289,325	81,838	-	42,371,163
Other	1,014	220	471,010	134,550	744,210	1,351,004
Amortization of nonrefundable entrance fees	17,531,498	-	-	-	-	17,531,498
Total	$ 68,855,730	$ 30,120,591	$ 101,493,424	$ 651,950	$ 744,210	$ 201,865,905

	2019					
	Independent Living	Personal Care/Assisted Living	Health Center	Outpatient	Other	Total
Private Pay	$ 49,982,715	$ 28,081,569	$ 32,358,325	$ 675,056	$ -	$ 111,097,665
Medicare	1,184,907	2,386,077	36,256,299	16,938	-	39,844,221
Medicaid	-	-	46,051,942	110,572	-	46,162,514
Other	25,505	2,256	1,069,776	177,615	1,242,288	2,517,440
Amortization of nonrefundable entrance fees	16,955,577	-	-	-		16,955,577
Total	$ 68,148,704	$ 30,469,902	$ 115,736,342	$ 980,181	$ 1,242,288	$ 216,577,417

Revenues from Medicare and Medicaid represent 37 percent and 40 percent of revenues for the years 2020 and 2019, respectively. Medicare and Medicaid receivables represent approximately 53 percent and 49 percent of accounts receivable as of December 31, 2020 and 2019, respectively.

4. Investments, Assets Whose Use is Limited and Fair Value Measurements

The composition of investments and assets whose use is limited as of December 31 is as follows:

	2020	2019
Money market funds	$ 20,384,135	$ 19,780,620
Marketable equity securities	2,771,356	2,428,642
Mutual funds:		
Equity	36,127,689	14,189,023
Fixed income	33,472,314	49,091,238
Alternative investments	22,176,748	23,254,312
Total investments and assets whose use is limited	114,932,242	108,743,835
Less:		
Assets whose use is limited:		
Investments held in perpetuity	(5,219,671)	(5,180,302)
Bond fund	(329,022)	(306,973)
Debt service reserve fund	(767,796)	(758,206)
Debt service escrow fund	(11,160,046)	-
Project fund	(453,167)	(17,324,107)
Statutory liquid reserves	(13,670,554)	(12,216,204)
Total investments	$ 83,331,986	$ 72,958,043

Fair Value Measurements

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 Obligated 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 Obligated Group's ownership structure does not provide for control over the related investees, and the Obligated Group'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 Obligated Group has no plans to sell the funds or a portion of the amounts currently owned. Financial information used by the Obligated Group 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 Obligated Group'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 Obligated Group'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	$ 20,384,135	$ 20,384,135	$ -	$ -
Marketable equity securities	2,771,356	2,771,356	-	-
Mutual funds:				
Equity	36,127,689	36,127,689	-	-
Fixed income	33,472,314	33,472,314	-	-
Total investments	92,755,494	92,755,494	-	-
Funds held in trust by others	20,257,550	-	-	20,257,550
Total assets	$ 113,013,044	$ 92,755,494	$ -	$ 20,257,550

	Fair Value as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Money market funds	$ 19,780,620	$ 19,780,620	$ -	$ -
Marketable equity securities	2,428,642	2,428,642	-	-
Mutual funds:				
Equity	33,052,198	33,052,198	-	-
Fixed income	30,228,063	30,228,063	-	-
Total investments	85,489,523	85,489,523	-	-
Funds held in trust by others	19,321,794	-	-	19,321,794
Total assets	$ 104,811,317	$ 85,489,523	$ -	$ 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
Measured at net asset value	$ 22,176,748	$ 23,254,312
Measured at fair value	92,755,494	85,489,523
Total investments, restricted deposits and funded reserves and assets whose use is limited	$ 114,932,242	$ 108,743,835

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 combined statements of operations and changes in net assets.

5. Liquidity

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

	2020	2019
Cash and cash equivalents	$ 12,110,330	$ 11,139,633
Investments	83,331,986	72,958,043
Accounts receivable, net	12,432,750	16,406,914
Total	$ 107,875,066	$ 100,504,590

The Obligated Group'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 Obligated Group'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 Obligated Group invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Obligated Group has committed lines of credit (Note 9) that totaled $16,750,000 and $17,500,000 as of December 31, 2020 and 2019, respectively, which it draws upon as needed. As of December 31, 2020 and 2019, the lines of credit had approximately $2,540,000 and $2,300,000, respectively, available to draw.

6. Related-Party Transactions

PSL provides the Obligated Group with various management and administrative services to each member of the Obligated Group's operating facilities, for which it charges the members of the Obligated Group a management fee. The Obligated Group members also incur certain operating expenses that are comprised primarily of the salaries and benefits of certain key management personnel provided to the Obligated Group by the parent organization. During the years ended December 31, 2020 and 2019, the Obligated Group incurred management fees and other expenses totaling $15,668,667 and $17,641,866, respectively, which is included in general and administrative expenses on the combined statements of operations and changes in net assets.

The Obligated Group is a guarantor of the First National Bank Loan for PHI Stadium Place Senior Care, Inc., an affiliate organization, for a maximum principal amount of $10,000,000. As of December 31, 2020 and 2019, PHI Stadium Place Senior Care, Inc. had $7,610,929 and $8,021,569, respectively, in outstanding debt. In the event of a deficiency judgment, the Obligated Group has guaranteed to repay all of this outstanding debt which matures through 2034.

Prelude Systems, Inc. (Prelude) is a joint venture between PSL and Diakon Lutheran Social Ministries (Diakon). Prelude is a technical information services organization with a wide range of programs designed to support the information systems needs of both PSL and Diakon as well as other health care and community service organizations. During 2020 and 2019, the Obligated Group incurred expenses related to Prelude amounting to $1,670,669 and $1,702,633, respectively, for information services provided by Prelude, of which $37,972 and $37,431 is included in accounts payable as of December 31, 2020 and 2019, respectively.

Amounts due from affiliate entities as of December 31, 2020 and 2019, are $86,723,738 and $80,989,105. The balances represent amounts transferred to PSL to fund development of affiliated affordable housing entities and other amounts arising from the normal course of business including affiliate liquidity support. The amounts are unsecured, noninterest bearing and have no fixed repayment terms. The Obligated Group assess the amounts due from affiliates annually to determine if events or circumstances effect the collectability of the amounts. No impairment losses were recognized during 2020 and 2019. During 2020, the Obligated Group transferred assets of $3,393,050 to PSL for development of a new affordable housing entity.

7. Property and Equipment

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

	2020		2019	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 37,488,500	$ -	$ 37,633,570	$ -
Land improvements	28,802,789	17,530,937	28,797,831	16,907,275
Buildings and improvements	532,004,458	247,311,065	500,686,140	228,105,559
Departmental equipment, furniture and fixtures	55,146,701	45,661,468	53,314,265	43,730,994
Vehicles	1,848,109	1,719,074	1,831,475	1,722,460
Construction-in-progress	38,203,650	-	24,691,560	-
	$ 693,494,207	$ 312,222,544	$ 646,954,841	$ 290,466,288
Net book value		$ 381,271,663		$ 356,488,553

As the Obligated Group undertakes expansion 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 Obligated Group had entered into construction contracts totaling approximately $31,800,000 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 $7,159,000 and $$4,815,000 outstanding of construction payable included in accounts payable in the accompanying combined 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 of the group and of the amounts payable by the Obligated Group 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% for December 31, 2020 and 2019, 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 1.76% as of December 31, 2020 and 2019.	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

	2020	2019
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
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

	2020	2019
Philadelphia Authority for Industrial Development Gross Revenue Bonds, Series 2013, no principal payment due until April 2017, the bonds consist of term bonds which mature at various dates from April 2023 to April 2039, interest rates vary between 4.81% to 5.00%.	$ 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
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

	2020	2019
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
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
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 amortization schedule, due in June 2030. The bonds bear a fixed interest rate equal to 2.49% as of December 31, 2020.	13,955,000	-
Northampton County Industrial Development Authority Revenue Bonds Series 2020, held by Bank of America, $15 million drawn in $2 million increments through December 31, 2020 with $1 million drawn in January 2021. Interest only tax exempt rate of 2.31% per annum through January 3, 2022 at which time principal and interest will be payable.	14,000,000	-
Total long-term debt	249,505,251	238,114,002
Plus unamortized premium	292,027	318,788
Less deferred financing costs	(1,465,994)	(1,486,645)
Total	$ 248,331,284	$ 236,946,145

All of the Obligated Group long-term debt is collateralized by property and equipment and gross revenues of the Obligated Group and is tax exempt, unless otherwise stated.

Under the terms of the bond indenture, the Obligated Group is subject to various covenants, which include the achievement of certain pre-established financial indicators. In addition, the Obligated Group 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 are as follows:

Years ending December 31:	
2021	$ 25,614,454
2022	14,639,827
2023	17,191,603
2024	17,927,960
2025	17,659,945
Thereafter	156,471,462
Total	$ 249,505,251

9. Lines of Credit

The Obligated Group 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 Obligated Group. As of December 31, 2020 and 2019, under the line of credit agreements, the Obligated Group had available a total maximum of $16,750,000 and 17,500,000, respectively from the financial institutions. As of December 31, 2020 and 2019, the Obligated Group had $14,212,412 and $15,198,790, 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 Obligated Group has instituted 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 Obligated Group has contracted with major insurance carriers for excess insurance coverage, loss control services and administration. For both 2020 and 2019, the Obligated Group maintained a surety bond for $3,000,000, in connection with this self-insurance program. As of December 31, 2020 and 2019, the Obligated Group has recorded an accrued expense of approximately $4,400,000 and $3,800,000, respectively, for workers' compensation claims which includes known case reserves and an estimate of the Obligated Group's liability for incurred but not reported claims.

11. Medical Malpractice Claims Coverage

The Obligated Group members are named insured under a claims-made professional liability insurance policy maintained by the parent organization, Presbyterian Senior Living. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents have occurred or will be asserted that will exceed the insurance coverages or will have a material adverse effect on the combined financial statements.

12. Net Assets With Donor Restrictions

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

	2020	2019
Subject to expenditure for specified purpose:		
Caring community	$ 279,536	$ 86,400
Community enhancement	700,995	606,651
	980,531	693,051
Subject to the passage of time:		
Promises to give that re not restricted by donors, but which are unavailable for expenditure until due	224,494	272,044
Gift annuities	15,611	15,548
Contributions receivable from remainder trusts	566,337	609,657
	806,442	897,249
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Educational scholarship	47,370	38,584
Benevolent care	6,352	5,278
Community enhancement	189,794	150,556
	243,516	194,418
Subject to endowment spending policy and appropriation:		
Educational scholarship	177,076	177,076
Benevolent care	1,051,718	1,024,107
Community enhancement	3,990,878	3,979,119
	5,219,672	5,180,302
Total endowments	5,463,188	5,374,720
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	19,675,602	18,696,589
Trust assets held for the benefit of the Easton Home	830,086	830,086
	20,505,688	19,526,675
Total	$ 27,755,849	$ 26,491,695

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	2019
Expiration of time restrictions	$ 204,568	$ 359,104
Satisfaction of purpose restriction:		
Caring community	17,170	24,828
Community enhancement	608,999	724,350
Restricted-purpose spending rate distributions and appropriations:		
Benevolent care	31,968	30,742
Community enhancement	37,933	77,557
Total	$ 900,638	$ 1,216,581

13. Endowments

The endowments consist of donor-restricted funds established for a variety of purposes supporting the Obligated Group. 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 Obligated Group 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 Obligated Group 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 Obligated Group 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 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:

	With Donor Restrictions	
	2020	**2019**
Endowment net assets, beginning of year	$ 5,374,720	$ 5,270,923
Investment income	119,000	116,614
Contributions	39,370	95,482
Appropriation of endowment assets for expenditures	(69,902)	(108,299)
Endowment net assets, end of year	$ 5,463,188	$ 5,374,720

The value of the original gifts plus subsequent gifts to be held in perpetuity totaled $5,219,672 and $5,180,302 for the years 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 Obligated Group 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 Obligated Group's policy states that should a fund fall below the original principal balance the Obligated Group would curtail spending in the fund until it returned to its original principal balance. There were no such deficiencies reported as of December 31, 2020 or 2019.

Return Objectives and Risk Parameters

The Obligated Group 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 Obligated Group must hold in perpetuity for donor-specified purposes. 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 Obligated Group'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 Obligated Group 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 Obligated Group 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 Obligated Group has a total return policy for calculating the amounts available for distribution each year. It is a percent of its endowment funds' 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 to satisfy donor restrictions. 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 unrestricted or temporarily restricted fund balance. In establishing this policy, the Obligated Group considered the long-term expected return on its endowments. Accordingly, over the long term, the Obligated Group 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 Obligated Group'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 Obligated Group 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 PHI 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 $582,051 and $1,182,850, respectively.

15. Functionalized Expenses

The combined 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. Benefits and payroll taxes are allocated on the basis of total wages. Information technology and insurance are allocated on the basis of direct costs and management fees are allocated based on the home office direct costs.

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	$ 81,970,866	$ 1,280,181	$ -	$ 83,251,047
Employee benefits and other employee costs	11,492,030	193,281	-	11,685,311
Payroll taxes	5,768,088	90,083	-	5,858,171
Professional services	6,388,108	910,366	-	7,298,474
Management services	4,977,824	10,189,469	501,374	15,668,667
Accounting fees	-	2,047	-	2,047
Legal fees	-	620,811	-	620,811
Advertising and promotion	542,164	-	-	542,164
Office expenses	9,021,978	2,774,431	-	11,796,409
Information technology	1,484,750	185,949	-	1,670,699
Occupancy	11,977,000	71,985	-	12,048,985
Travel	92,168	31,151	-	123,319
Conferences and meetings	7,025	5,191	-	12,216
Interest	6,169,654	772,682	-	6,942,336
Insurance	2,809,658	16,391	-	2,826,049
Training and development	2,391	56,658	-	59,049
Depreciation	22,198,035	129,500	-	22,327,535
Amortization	280,962	1,639	-	282,601
Bad debt (recovery)	-	1,679,114	-	1,679,114
Pharmacy	3,001,699	-	-	3,001,699
Medical supplies	5,773,844	-	-	5,773,844
Therapy services	13,559,501	-	-	13,559,501
Dietary services	5,321,010	-	-	5,321,010
Food, beverages and supplies	7,537,787	52,034	-	7,589,821
Maintenance and repairs	1,532,641	28,393	-	1,561,034
Total cost of services provided	$ 201,909,183	$ 19,091,356	$ 501,374	$ 221,501,913

	2019			
	Resident Services	General and Administrative	Fundraising and Development	Total
Salaries and wages	$ 77,605,234	$ 1,508,033	$ -	$ 79,113,267
Employee benefits and other employee costs	11,567,682	249,645	-	11,817,327
Payroll taxes	5,455,075	106,004	-	5,561,079
Professional services	6,287,015	971,557	-	7,258,572
Management services	5,513,084	11,424,872	703,910	17,641,866
Accounting fees	-	922	-	922
Legal fees	-	359,965	-	359,965
Advertising and promotion	739,165	-	-	739,165
Office expenses	3,319,771	2,759,820	-	6,079,591
Information technology	1,537,477	158,345	6,811	1,702,633
Occupancy	12,050,709	92,338	-	12,143,047
Travel	183,139	89,573	-	272,712
Conferences and meetings	45,738	21,280	-	67,018
Interest	7,193,536	740,862	31,865	7,966,263
Insurance	2,596,782	15,149	-	2,611,931
Training and development	952	45,180	-	46,132
Depreciation	21,400,212	124,845	-	21,525,057
Amortization	280,962	1,639	-	282,601
Bad debt (recovery)	-	1,914,131	-	1,914,131
Pharmacy	3,354,446	-	-	3,354,446
Medical supplies	3,230,627	-	-	3,230,627
Therapy services	15,430,724	-	-	15,430,724
Dietary services	6,430,461	-	-	6,430,461
Food, beverages and supplies	7,393,957	51,936	-	7,445,893
Maintenance and repairs	1,799,269	54,128	-	1,853,397
Total cost of services provided	$ 193,416,017	$ 20,690,224	$ 742,586	$ 214,848,827

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 Obligated Group 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 Obligated Group's assets, liabilities, net assets, operations or cash flows.

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 Obligated Group'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 Obligated Group'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.

Presbyterian Homes Obligated Group

Combining Schedule of Financial Position
December 31, 2020

	Presbyterian Homes, Inc.	Presbyterian Homes in the Presbytery of Huntingdon	PHI Investment Management Services, Inc.	The Long Community, Inc.	Quincy Retirement Community	Cathedral Village	Obligated Group Subtotal	Eliminating Entries	Obligated Group Total
Assets									
Current Assets									
Cash and cash equivalents	$ 11,000,186	$ 46,760	$ 17,861	$ 295,276	$ 210,251	$ 539,996	$ 12,110,330	$ -	$ 12,110,330
Investments	1,570,551	11,503,382	41,749,781	7,628,197	6,395,091	14,484,984	83,331,986	-	83,331,986
Statutory liquid reserves	6,938,679	1,417,489	-	-	1,226,952	4,087,434	13,670,554	-	13,670,554
Accounts receivable, net	7,426,325	2,140,862	-	61,849	1,726,332	1,077,382	12,432,750	-	12,432,750
Assets whose use is limited	11,642,221	2,250,375	2,710,786	-	258,511	1,067,809	17,929,702	-	17,929,702
Assets held for sale	-	2,350,618	-	-	-	-	2,350,618	-	2,350,618
Property and equipment, net	225,769,163	37,715,728	-	32,957,196	33,677,844	51,151,732	381,271,663	-	381,271,663
Due from affiliates, net	42,720,690	28,861,323	14,923,574	(12,950,318)	12,075,314	1,093,155	86,723,738	-	86,723,738
Funds held in trust by others	8,946,169	948,135	-	885,501	6,750,088	2,727,657	20,257,550	-	20,257,550
Other assets	3,061,892	649,828	-	211,249	493,914	2,099,964	6,516,847	-	6,516,847
Beneficial interest in assets	2,422,088	-	-	-	-	-	2,422,088	(2,422,088)	-
Total assets	$ 321,497,964	$ 87,884,500	$ 59,402,002	$ 29,088,950	$ 62,814,297	$ 78,330,113	$ 639,017,826	$ (2,422,088)	$ 636,595,738
Liabilities and Net Assets									
Current Liabilities									
Accounts payable	$ 8,818,595	$ 901,461	$ -	$ 51,203	$ 1,597,986	$ 1,139,187	$ 12,508,432	$ -	$ 12,508,432
Accrued expenses	8,070,346	3,846,955	45,993	550,069	1,265,015	2,720,996	16,499,374	-	16,499,374
Lines of credit	14,212,412	-	-	-	-	-	14,212,412	-	14,212,412
Resident deposits	5,332,860	66,750	-	11,000	159,109	744,000	6,313,719	-	6,313,719
Entrance fee payable	8,449,303	307,798	-	-	654,135	237,287	9,648,523	-	9,648,523
Other liabilities	2,381,701	389,406	-	71,705	299,035	1,924,386	5,066,233	-	5,066,233
Cares act funding liabilities	3,354,356	4,414,478	-	311,330	3,091,316	2,473,226	13,644,706	-	13,644,706
Long-term debt	160,535,112	17,042,554	-	24,283,049	22,974,421	23,496,148	248,331,284	-	248,331,284
Deferred revenues from entrance fees	58,843,339	11,257,700	-	-	11,608,936	23,853,033	105,563,008	-	105,563,008
Total liabilities	269,998,024	38,227,102	45,993	25,278,356	41,649,953	56,588,263	431,787,691	-	431,787,691
Net Assets									
Without donor restrictions	38,064,464	46,300,307	56,933,922	2,813,130	14,033,482	18,906,893	177,052,198	-	177,052,198
With donor restrictions	13,435,476	3,357,091	2,422,087	997,464	7,130,862	2,834,957	30,177,937	(2,422,088)	27,755,849
Total net assets	51,499,940	49,657,398	59,356,009	3,810,594	21,164,344	21,741,850	207,230,135	(2,422,088)	204,808,047
Total liabilities and net assets	$ 321,497,964	$ 87,884,500	$ 59,402,002	$ 29,088,950	$ 62,814,297	$ 78,330,113	$ 639,017,826	$ (2,422,088)	$ 636,595,738

Presbyterian Homes Obligated Group
Combining Schedule of Operations and Changes in Net Assets
December 31, 2020

	Presbyterian Homes, Inc.	Presbyterian Homes in the Presbytery of Huntingdon	PHI Investment Management Services, Inc.	The Long Community, Inc.	Quincy Retirement Community	Cathedral Village	Obligated Group Subtotal	Eliminating Entries	Obligated Group Total
Net Assets Without Donor Restrictions									
Revenues, gains and other support:									
Resident services:									
Resident services	$ 103,406,788	$ 31,131,328	$ -	$ 5,063,717	$ 21,448,923	$ 23,283,651	$ 184,334,407	$ -	$ 184,334,407
Amortization of entrance fees	10,277,288	1,657,636	-	-	1,453,133	4,143,441	17,531,498	-	17,531,498
Total resident services	113,684,076	32,788,964	-	5,063,717	22,902,056	27,427,092	201,865,905	-	201,865,905
Contributions, gifts and bequests	364,917	77,179	-	53,081	166,484	5,151	666,812	-	666,812
Revenues from provider relief funds	6,658,470	2,826,567	-	59,170	1,601,851	1,356,420	12,502,478	-	12,502,478
Net assets released from restrictions	708,674	24,894	-	6,677	46,912	113,481	900,638	-	900,638
Total operating revenues and other support	121,416,137	35,717,604	-	5,182,645	24,717,303	28,902,144	215,935,833	-	215,935,833
Expenses:									
Nursing services	33,755,148	10,512,458	-	718,526	8,015,919	6,893,287	59,895,338	-	59,895,338
Rehabilitation	7,490,728	3,647,988	-	-	2,105,557	913,271	14,157,544	-	14,157,544
Recreation and special services	2,350,685	594,553	-	70,410	405,778	592,475	4,013,901	-	4,013,901
Pharmacy	1,701,490	620,787	-	13,654	398,044	267,725	3,001,700	-	3,001,700
Social services	586,865	194,518	-	-	83,268	128,954	993,605	-	993,605
Physician services	175,854	148,227	-	9,000	51,630	343,192	727,903	-	727,903
Food Services	12,700,647	3,925,298	-	596,636	1,969,926	4,138,670	23,331,177	-	23,331,177
Building operations and maintenance	14,772,267	3,236,574	-	1,125,403	2,552,059	4,273,929	25,960,232	-	25,960,232
Housekeeping	2,377,504	556,206	-	23,921	256,232	671,493	3,885,356	-	3,885,356
Laundry and linen	666,637	233,136	-	-	192,819	159,222	1,251,814	-	1,251,814
Management and general	15,813,578	6,051,909	614	905,414	3,474,750	4,231,419	30,477,684	-	30,477,684
Employee benefits	6,446,540	2,163,233	-	173,623	1,249,313	1,026,757	11,059,466	-	11,059,466
Interest	4,573,489	556,172	-	803,673	454,516	568,192	6,956,042	(13,706)	6,942,336
Depreciation	12,750,124	2,557,691	-	1,144,578	1,760,794	4,114,348	22,327,535	-	22,327,535
Amortization	-	-	-	-	-	282,601	282,601	-	282,601
Fundraising	239,282	107,043	-	14,459	65,351	75,261	501,396	-	501,396
Total expenses before nonrecurring expenses	116,400,838	35,105,793	614	5,599,297	23,035,956	28,680,796	208,823,294	(13,706)	208,809,588
Unusual nonrecurring expenses, COVID-19	8,141,385	2,365,842	-	203,212	1,030,184	951,702	12,692,325	-	12,692,325
Operating (loss) income	(3,126,086)	(1,754,031)	(614)	(619,864)	651,163	(730,354)	(5,579,786)	13,706	(5,566,080)
Other income (loss):									
Investment income	575,338	270,870	267,228	219,666	425,037	494,618	2,252,757	(64,034)	2,188,723
Realized gain on investments	80,909	199,816	1,081,044	175,031	46,983	3,725,832	5,309,615	(19,473)	5,290,142
Unrealized gain on investments	3,941	1,430,141	1,336,832	929,259	789,643	(1,730,712)	2,759,104	69,801	2,828,905
(Loss) gain on sale of property	(250,431)	36,021	-	-	368	-	(214,042)	-	(214,042)
Loss on early extinguishment of debt	(75,093)	-	-	-	-	-	(75,093)	-	(75,093)
Total other income	334,664	1,936,848	2,685,104	1,323,956	1,262,031	2,489,738	10,032,341	(13,706)	10,018,635
Revenues (less than) in excess of expenses	(2,791,422)	182,817	2,684,490	704,092	1,913,194	1,759,384	4,452,555	-	4,452,555
Transfer to affiliated entity	67,056	-	(3,393,050)	-	-	-	(3,325,994)	-	(3,325,994)
(Decrease) increase in net assets without donor restrictions	(2,724,366)	182,817	(708,560)	704,092	1,913,194	1,759,384	1,126,561	-	1,126,561
Net Assets With Donor Restrictions									
Contributions, gifts and bequests	371,974	117,033	-	44,099	82,915	112,822	728,843	-	728,843
Investment income, net of investment expense	116,889	498	-	-	1,613	-	119,000	-	119,000
Unrealized gain on investments	644,707	157,860	342,404	10,147	397,301	106,935	1,659,354	(342,405)	1,316,949
Net assets released from restrictions	(708,674)	(24,894)	-	(6,677)	(46,912)	(113,481)	(900,638)	-	(900,638)
Increase in net assets with donor restrictions	424,896	250,497	342,404	47,569	434,917	106,276	1,606,559	(342,405)	1,264,154
(Decrease) increase in net assets	(2,299,470)	433,314	(366,156)	751,661	2,348,111	1,865,660	2,733,120	(342,405)	2,390,715
Net Assets, Beginning	53,799,409	49,224,084	59,722,165	3,058,933	18,816,234	19,876,190	204,497,015	(2,079,683)	202,417,332
Net Assets, Ending	$ 51,499,939	$ 49,657,398	$ 59,356,009	$ 3,810,594	$ 21,164,345	$ 21,741,850	$ 207,230,135	$ (2,422,088)	$ 204,808,047

Presbyterian Homes Obligated Group

Statutory Minimum Liquid Reserves Schedule
December 31, 2020

	Presbyterian Homes, Inc.	Presbyterian Homes in the Presbytery of Huntingdon	Quincy Retirement Community	Cathedral Village	Obligated Group Subtotal
2021 Budgeted operating expenses	$ 122,912,095	$ 36,163,236	$ 24,949,946	$ 28,515,532	$ 212,540,809
Less depreciation expense	13,287,634	2,594,475	2,125,818	4,586,877	22,594,804
Expenses subject to minimum liquid assets requirement	109,624,461	33,568,761	22,824,128	23,928,655	189,946,005
Percentage of residents subject to continuing-care agreements as of December 31, 2020	48%	36%	51%	81%	
	52,619,741	12,084,754	11,640,305	19,382,211	95,727,011
Statutory requirement	10%	10%	10%	10%	10%
Statutory minimum liquid reserve requirement, operating expenses (a)	$ 5,261,974	$ 1,208,475	$ 1,164,031	$ 1,938,221	$ 9,572,701
Next 12 months debt service payments:					
Total debt service for next 12 months	$ 14,447,207	$ 1,531,415	$ 1,647,531	$ 1,802,786	$ 19,428,939
Percentage of residents subject to residence and care agreements as of December 31, 2020	48%	36%	51%	81%	
Statutory minimum liquid reserve requirement, debt service (b)	$ 6,934,659	$ 551,309	$ 840,241	$ 1,460,257	$ 9,786,466
Statutory minimum liquid reserve, greater of (a) or (b)	$ 6,934,659	$ 1,208,475	$ 1,164,031	$ 1,938,221	$ 9,786,466
Total per bank statements as of December 31, 2020	$ 6,938,679	$ 1,417,489	$ 1,226,952	$ 4,087,434	$ 13,670,554
Assets in excess of statutory minimum liquid reserve requirement	$ 4,020	$ 209,014	$ 62,921	$ 2,149,213	$ 2,425,168