HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life
(a Member of HumanGood Cornerstone)

Consolidated Financial Statements
and Supplementary Information

December 31, 2020 and 2019

Independent Auditors' Report

To the Board of Directors of
HumanGood East f/k/a Philadelphia Presbytery Homes and Services
for the Aging and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of HumanGood East f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements. We have also audited the basic financial statements of HumanGood Pennsylvania f/k/a Philadelphia Presbytery Homes, Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and changes in net assets and cash flows for the years then ended (the basic financial statements) (discretely presented on pages 33 to 39, and the related notes to those basic financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries of the Corporation listed in Note 1, which statements in aggregate reflect total assets of $38,972,000 as of December 31, 2019, and total unrestricted revenues of $4,877,000 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these affiliates in the consolidated financial statements, is based solely on the reports of the other auditors. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's 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 financial statements.

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HumanGood East f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries as of December 31, 2020 and 2019, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of HumanGood Pennsylvania f/k/a Philadelphia Presbytery Homes, Inc. as of December 31, 2020 and 2019, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 33 through 39 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 entities and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 30, 2021

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life (a Member of HumanGood Cornerstone)

Consolidated Balance Sheets
December 31, 2020 and 2019
(In Thousands)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 11,041	$ 17,062
Resident accounts receivable	2,316	1,959
Other receivables, net	2,745	2,648
Prepaid expenses, deposits and other assets	1,076	1,016
Total current assets	17,178	22,685
Restricted Cash and Cash Equivalents	35,117	22,395
Investments	122,833	113,274
Statutory Minimum Liquid Reserve	5,190	4,946
Restricted Investments	19,048	17,427
Other Noncurrent Assets	2,757	2,650
Beneficial Interest in Split-Interest Agreements and Perpetual Trusts	9,119	8,420
Land, Buildings and Equipment, Net	253,632	229,985
Total assets	$ 464,874	$ 421,782

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 6,730	$ 7,065
Construction payable	4,288	3,095
Deposits	766	714
Accrued interest	555	525
Current portion of long-term debt	2,362	2,296
Payable to affiliates	289	-
Entrance fee rebates payable	575	152
Total current liabilities	15,565	13,847
Construction Loan	38,294	8,370
Rebatable Entrance Fees Due	66,526	61,298
Entrance Fees Nonrefundable	24,427	24,682
Entrance Fees Subject to Refund	8,026	6,939
Long-Term Debt	197,016	199,332
Retirement Liability	897	900
Workers' Compensation Liability	646	952
Other Long-Term Liabilities	120	203
Total liabilities	351,517	316,523
Net Assets		
Net assets without donor restrictions:		
Controlling ownership interest	67,345	59,237
Noncontrolling ownership interest in limited partnerships	17,739	19,785
Total net assets without donor restrictions	85,084	79,022
Net assets with donor restrictions	28,273	26,237
Total net assets	113,357	105,259
Total liabilities and net assets (deficit)	$ 464,874	$ 421,782

See notes to consolidated financial statements

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life (a Member of HumanGood Cornerstone)

Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Changes in Net Assets Without Donor Restrictions		
Operating revenues:		
Residential living	$ 19,932	$ 19,508
Personal care	10,708	10,916
Health center	10,711	16,390
Other service income	1,265	1,833
Amortization of entrance fees	6,202	6,093
COVID relief funding	1,843	-
Affordable housing fees and rents	17,029	16,577
Net assets released from restrictions	1,217	1,383
Unrestricted contributions	101	273
Total operating revenues	69,008	72,973
Operating expenses:		
Salaries and wages	28,441	32,399
Employee benefits	5,739	6,840
Supplies	5,291	4,879
Ancillary services	1,981	3,230
Repairs and maintenance	1,502	1,535
Marketing and advertising	775	879
Purchased services	6,475	7,150
Utilities	3,432	3,706
Travel and related	82	171
Leases and rents	109	128
Insurance	1,571	1,604
Other operating expense	2,207	2,344
Total operating expenses	57,605	64,865
Income before other operating income (expense)	11,403	8,108
Other operating income (expense):		
Realized gains on investments, net	8,116	1,692
Change in unrealized gains on investments, net	4,520	12,391
Investment income, net	3,362	5,383
Interest expense	(5,757)	(5,786)
Depreciation and amortization expenses	(16,156)	(15,433)
Other income/expense, net	(32)	(796)
(Losses) gains on disposal of assets	(145)	3,910
Income from operations	5,311	9,469
Net assets released from restrictions used for property and equipment	279	233
Contributions in aid of construction	472	20,635
Change in net assets without donor restrictions	6,062	30,337
Changes in Net Assets With Donor Restrictions		
Dividend and interest income	545	596
Unrealized gains on investments with donor restrictions, net	791	1,908
Valuation gains, beneficial interest in perpetual trusts	699	944
Realized gains on investments, net	881	329
Contributions	616	806
Net assets released from restrictions, other	(14)	(59)
Net assets released from restrictions, payment to beneficiaries	(1,482)	(1,557)
Change in net assets with donor restrictions	2,036	2,967
Change in net assets	8,098	33,304
Net Assets, Beginning	105,259	71,955
Net Assets, Ending	$ 113,357	$ 105,259

See notes to consolidated financial statements

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life (a Member of HumanGood Cornerstone)

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 8,098	$ 33,304
Adjustments to reconcile change in net assets provided by operating activities:		
Provision for bad debts	244	337
Depreciation and amortization expenses	16,156	15,433
Amortization of debt issuance costs	140	279
Accretion of bond premium	(186)	(186)
Amortization of entrance fees	(6,202)	(6,093)
Net realized and unrealized gains on investments	(14,308)	(16,099)
Proceeds from nonrebatable entrance fees form reoccupancy	4,874	5,139
Gains on sale of Broomall	(145)	(4,250)
Valuation gains, split-interest agreements and beneficial interest in perpetual trusts	(699)	(945)
Capital related contributions	(472)	(20,635)
Changes in assets and liabilities:		
Resident accounts receivable and other receivables	(964)	2,229
Prepaid expenses, deposits and other assets and other noncurrent assets	(182)	(371)
Accounts payable and accrued expenses	(335)	(1,333)
Accrued interest	30	192
Payable to affiliates	289	-
Other liabilities	(384)	166
Net cash provided by operating activities	5,954	7,167
Cash Flows From Investing Activities		
Acquisition of land, buildings and equipment	(35,350)	(16,144)
Proceeds from sale of Broomall	250	13,783
Net sales (purchases) of investments	2,884	(13,863)
Net cash used in investing activities	(32,216)	(16,224)
Cash Flows From Financing Activities		
Compliance monitoring fees incurred	(5)	(11)
Proceeds from rebatable entrance fees and deposits	2,097	10,766
Refunds of deposits and refundable entrance fees	(6,909)	(4,983)
Proceeds from initial sales deposits and entrance fees	12,683	531
Payment of construction payable	(3,095)	(2,505)
Proceeds of construction loan payable	29,924	9,615
Repayments of construction loan	-	(18,682)
Proceeds of long-term debt	88	391
Repayments of long-term debt	(2,292)	(2,285)
Payment of debt issuance costs	-	(730)
Proceeds from contributions restricted for long-term purposes	-	230
Contributions in aid of construction	472	20,635
Net cash provided by financing activities	32,963	12,972
Net increase in cash, cash equivalents and restricted cash and cash equivalents	6,701	3,915
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	39,457	35,542
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 46,158	$ 39,457
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amount capitalized	$ 5,773	$ 5,410
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment:		
Construction payable	$ 4,288	$ 3,095
Capital leases	-	92
Total	$ 4,288	$ 3,187
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Consolidated Balance Sheets		
Cash and cash equivalents	$ 11,041	$ 17,062
Restricted cash and cash equivalents	35,117	22,395
Total cash, cash equivalents and restricted cash and cash equivalents	$ 46,158	$ 39,457

See notes to consolidated financial statements

1. Business and Organization

HumanGood East

HumanGood East, formerly known as, Philadelphia Presbytery Homes and Services for the Aging (HGE) d/b/a Presby's Inspired Life, is a not-for-profit corporation engaged in establishing, maintaining, supporting and operating communities for the care of older adults.

Effective June 30, 2019, HGE affiliated with HumanGood. HumanGood Cornerstone, a subsidiary of HumanGood, became the sole member of Philadelphia Presbytery Homes and Services for the Aging.

The following is a listing of HGE's subsidiaries:

- HumanGood Pennsylvania f/k/a Philadelphia Presbytery Homes, Inc. (HGPA), which includes Broomall Presbyterian Village (Broomall) which was sold during 2019 (Note 18), The Mansion at Rosemont (Rosemont), Rydal Park and Spring Mill Pointe (Spring Mill)
- The Presbyterian Home at 58th Street (58th Street)
- Bala Presbyterian Home Foundation (Bala)
- Makemie at Whiteland (Makemie)
- Philadelphia Presbytery Homes WC Trust, Inc.
- Affordable Housing Communities comprised of the following entities:
  - Philadelphia Presbytery Apartments of Morrisville, Inc. (Morrisville)
  - Germantown Interfaith Housing, Inc. (Germantown)
  - Avenue of the Arts - PSC Apartments, Inc. (Reed Street)
  - South Philadelphia Presbytery Apartments, Inc. (Jackson Place)
  - Philadelphia Presbytery Apartments, Inc. (PPA)
  - Mantua Presbyterian Apartments, Inc. (Mantua)
  - Old City Presbyterian Apartments, Inc. (Old City)
  - Tioga Presbyterian Apartments, Inc. (Tioga)
  - Southwest Philadelphia Presbytery Apartments, Inc. (Mary Field)
  - Greenway Presbyterian Apartments, Inc. (Greenway)
  - Philadelphia Apartments at 58th Street, Inc. (Ann Thomas)
  - Grace Court, Inc. (Grace Court)
  - Bensalem Senior Apartments, LP (BSA)
  - PresbyHousing, Inc.
  - Riverside Senior Apartments, LP (RSA)
  - Presby Riverside Housing, Inc. (PRH)
  - Wynnefield Place, LP (Wynnefield)
  - Wynnefield Senior Housing, LLC (WSH)
  - Paschall Senior Housing, Inc. (Paschall)
  - PresbyServices, Inc. d/b/a Presby Affordable Housing
  - Presby's Inspired Life Apartments, LLC (PILA)
  - Cantrell Place, LP (Cantrell)
  - Cantrell Housing, Inc. (CHI)
  - Witherspoon Senior Apartments, LP (Witherspoon)
  - Witherspoon Housing, Inc. (WHI)

The following subsidiaries have been audited by other auditors in 2019:

- Old City
- Tioga
- Greenway
- Grace Court
- BSA
- Cantrell

HGE and all of its subsidiaries are not-for-profit corporations, except for BSA, RSA, Wynnefield, Cantrell and Witherspoon, which are for-profit limited partnership entities providing affordable housing to seniors, and PresbyHousing, Inc., PRH, WSH, CHI and WHI, which are the general partners of the preceding entities.

HGPA also provides management services for 19 unrelated entities that provide affordable housing for seniors; ten are not-for-profit corporations and nine are for-profit limited partnership entities.

Parent Organization

HumanGood Cornerstone (a Member of HumanGood), a California not-for-profit public benefit tax-exempt corporation, is the sole member and exercises its direction and control through the appointment of the Boards of Directors of HumanGood East, HumanGood Idaho, HumanGood Arizona (dba Terraces of Phoenix), HumanGood Washington (dba Judson Park), HumanGood Nevada (dba Las Ventanas), HumanGood Properties, HumanGood Affordable Housing and Beacon Development Group (BDG). In March 2021, HumanGood Cornerstone approved a resolution to transfer BDG to HumanGood Affordable Housing as its sole corporate member. HumanGood Arizona and HumanGood Washington together constitute an obligated group (HumanGood National Obligated Group).

HumanGood is a California not-for-profit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly through its life plan and affordable housing communities. HumanGood is the sole member of HumanGood Cornerstone, HumanGood Fresno (dba Terraces at San Joaquin Gardens), HumanGood SoCal (SoCal) and HumanGood NorCal (NorCal). NorCal is the sole member of HumanGood Foundation West and SoCal is the sole member of HumanGood Foundation South. HumanGood Fresno, HumanGood SoCal and HumanGood NorCal together constitute an obligated group (HumanGood California Obligated Group or COG).

HumanGood and HumanGood Cornerstone's Boards are composed of the same seven directors.

Principles of Consolidation

The consolidated financial statements include the accounts of HGE and all of HGE's subsidiaries (collectively, the Corporation) listed in the Organization section of this note. All intercompany balances and transactions have been eliminated in consolidation.

Consolidated Financial Statement Disclosures

The disclosures included in the notes to the consolidated financial statements consider both the Corporation's consolidated financial statements, as well as HGPA's basic financial statements.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions and overnight investments considered to be cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include cash and cash equivalents held under bond indenture agreements, assets held under U.S. Department of Housing and Urban Development (HUD) agreements and first-generation entrance fees. For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include restricted cash and cash equivalents with an initial maturity of three months or less.

Resident Accounts Receivable and Other Receivables

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable (outstanding balances over 150 days are fully reserved), and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired.

Entrance fee receivables, included in other receivables, net, 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.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends and capital gain distributions) is included in income from operations 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.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair value reported is 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 certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported could change materially in the near term.

Restricted Investments

Certain investments are classified as restricted investments in the accompanying consolidated balance sheets (see Note 4). These include assets set aside in accordance with donor restrictions.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

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 restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Asset Impairment

The Corporation periodically evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment was recorded during the years ended December 31, 2020 and 2019.

Interest Capitalization

The Corporation capitalizes interest expense as a component of the cost of property and equipment constructed for its own use. HGPA capitalized $516,000 of interest in 2020, including $295,000 of interest to Bala, which eliminates in consolidation. HGPA capitalized $406,000 of interest in 2019, of which $300,000 was related to HGPA of interest to Bala, which eliminates in consolidation.

Other Assets

Other assets are primarily comprised of contract acquisition costs, contributions for membership in Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), Ziegler Link-Age capital contribution, net, tax credit compliance fees, health insurance program capital contribution and the noncurrent portion of pledges receivable.

Beneficial Interest in Split-Interest Agreements and Perpetual Trusts

The Corporation has been designated the beneficiary under several split-interest agreements and perpetual trusts.

Under the split-interest agreements, the Corporation primarily recorded the assets and recognized restricted contributions at the fair value of the estimated present value of the remainder interest in the split-interest agreements. The Corporation revalues its interest in the split-interest agreements annually and reports gains or losses in the net assets with donor restrictions class.

A perpetual trust is held by a third party and is an arrangement in which the donor establishes and funds a trust to exist in perpetuity that is administered by an individual or organization other than the beneficiary. The Corporation has the irrevocable right to receive the income earned on the trust's assets but will never receive the assets themselves. The Corporation recognizes contribution revenue at the time an irrevocable trust is created, at the fair value of the trust's assets (a proxy for present value of discounted cash flows). The contribution revenue is classified with donor restrictions.

The Corporation revalues its interest in the perpetual trusts annually and reports gains or losses in net assets with donor restrictions class.

Debt Issuance Costs

Debt issuance costs incurred in connection with the issuance of long-term debt are amortized using the effective-interest method, over the period of the related debt. Amortization expense, which is included as a component of interest expense, was $140,000 in 2020 and $279,000 in 2019 (including amortization specific to HGPA of $49,000 in 2020 and 2019).

Resident Deposits

Resident deposits included in prepaid expenses, deposits and other assets on the accompanying consolidated financial statements, represent entrance fees deposits paid to reserve a residence at Rydal Park and Rosemont. These deposits become part of the entrance fees when the resident moves in, or are fully refundable at the residents' discretion. Resident deposits also represent security deposits paid in advance to cover possible costs when residents vacate their apartments. These deposits are taken into income only if earned upon the termination of a rental agreement.

Entrance Fees

The Rydal Park and Rosemont communities charge entrance fees to residents to obtain a nontransferable right to lifetime occupancy at one of the retirement communities. Residents enter into different types of continuing care contracts depending on their move-in date and the community they reside in. Under the terms of the various contracts, entrance fees are recorded as either rebatable entrance fees due, entrance fees subject to refund or entrance fees nonrefundable. Entrance fees may be nonrefundable or, for certain Rydal Park residents, entrance fees may be subject to refund. Under the nonrefundable contracts, entrance fees are generally subject to refund on a decreasing basis for 32 to 50 months, depending on the contract selected, after which no refund is due or payable. The refundable contracts have a guaranteed rebate component, which is 50 percent or 90 percent of the entrance fees paid; the balance of the entrance fees paid under the 90 percent refundable contracts is generally nonrefundable while the balance of the entrance fees paid under the 50 percent contract is generally refundable on a decreasing basis for 25 months. Entrance fees refunds are generally paid upon the surrendering of the unit and the reoccupancy of the unit by another resident.

Nonrefundable entrance fees are recorded as entrance fees nonrefundable upon receipt and amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancy of the resident. Entrance fees subject to refund will be amortized to income in future years unless refunded. The refundable amounts for Rydal Park residents are reported as rebatable entrance fees due and are not amortized to income.

Refunds to residents are generally paid when the residential living unit vacated has been reoccupied by a new resident and the entrance fees have been paid in full by the new resident. The gross amount of contractual refund obligations at December 31, 2020 was approximately $76,100,000.

Obligation to Provide Future Services

In accordance with the Rydal Park life care agreements, HGPA is obligated to provide future health care services for life to the residents of Rydal Park at a fixed fee arrangement, subject to normal escalations. Management engages an actuary to periodically calculate the obligation to provide future health care services for life to the current residents in excess of related anticipated revenues. If the present value of the net cost of future services and the use of facilities exceeds deferred revenues from residents' entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. Based upon the last calculation performed (as of December 31, 2019), the present value of the net cost of future services and the use of facilities, based on a discount rate of 5 percent, did not exceed the balance of deferred revenues from entrance fees. Based upon this calculation, and the analysis of management, no liability for the obligation to provide future services has been recorded at December 31, 2020 and 2019.

Net Assets

Net assets, revenues, gains and 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. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - net assets 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. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Resident Service Revenues

Resident service revenues are reported under Accounting Standards Codification (ASC) Topic 606 contracts with customers at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident services and patient revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, entrance fees are generally billed and collected in advance of move-in.

Resident services are primarily comprised of the following revenue streams:

Health Center

Health center revenues are primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. The Corporation has determined that health center services are considered one performance obligation, which is satisfied over time as services are provided. Therefore, health center revenues are recognized on a daily basis as services are rendered.

Health center revenues, including monthly service fees, ancillary and other services fees are reported at the estimated net realizable amounts from residents, third party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors.

The Corporation receive revenues for services under third-party payor programs, including Medicare, Medicaid and other third party payors. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. A summary of the principal payment arrangements with major third party payors follows:

- **Medical Assistance:** Nursing services provided to Medical Assistance 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 in the Commonwealth of Pennsylvania has 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 methodology. The services for which Medical Assistance program beneficiaries are eligible have not changed under CHC.

  CHC became effective for HGPA on January 1, 2019. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The rates paid to HGPA by the MCO's are subject to a "floor", which is equal to the average of each facility's prior four quarters (i.e., January 1, 2018 through December 31, 2018) Medical Assistance rates. The rate "floors" are expected to be in effect for 36 months.

  MCOs and nursing facilities may agree to higher or lower negotiated rates under an alternative payment methodology agreement, if such an agreement is pursued by either the MCOs or nursing facilities. HGPA has not pursued such alternative payment methodology agreements.

- **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.

  As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on HGPA's clinical assessment of their residents. HGPA is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare program.

- **Other:** HGPA also entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to HGPA under these agreements includes prospectively determined rates per day or discounts from established charges.

Settlements with third party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence with the payor and the Corporations' historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenues recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant in 2020 or 2019.

Personal Care

Personal care revenues are primarily derived from providing housing and personal care services to residents at a stated daily fee. The Corporation has determined that the services included in the daily fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, personal care revenues are recognized on a daily basis as services are rendered.

Residential Living

Residential living revenues are primarily derived from providing housing and services to residents. The Corporation has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, residential living monthly fees are recognized on a month-to-month basis.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees and deposits in the accompanying consolidated balance sheets.

Revenues from nonrefundable entrance fees received are recognized through amortization of entrance fees using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as entrance fees nonrefundable in the consolidated balance sheets.

Affordable Housing Fees and Rents

Affordable housing fees and rents include subsidy receipts from HUD, rental charges from affordable housing units under leases with residents with durations of less than one year and do not represent contracts with customers under ASC 606, and management fees for management services provided to unrelated entities that provide affordable housing for seniors. Subsidy receipts are considered part of the lease and are not considered a contribution under ASC 958. The revenues are recognized monthly using rates established by HUD under ASC 842.

COVID Relief Funding

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

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The Organization received approximately $1,341,000 in 2020 related to this funding. In accordance with the terms and conditions, the Corporation could apply the funding first against eligible expenses, and then lost revenues, which the Corporation's methodology for calculating lost revenues was the difference between 2019 and 2020 actual revenues.

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 Provider 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 consolidated financial statements were issued. In addition, it is unknown whether there will be further developments in the regulatory guidance.

Additionally, the Corporation received $327,000 of CARES funding on July 1, 2020 that was passed through the State of Pennsylvania Department of Human Services under Act 24 of 2020. In August 2020, the Corporation received an additional $175,000 in funding from the Provider Relief Fund for COVID-19 testing.

The Corporation has incurred lost revenues and eligible expenses sufficient enough to allow it, in accordance with the original terms and conditions of the Provider Relief Fund and state funding as of December 31, 2020, to recognize revenues of $1,843,000 which is included in COVID relief funding in the accompanying consolidated statement of operations and changes in net assets for the year ended December 31, 2020.

COVID-19 supplies and related expenses total $876,000, including personal protective equipment and other equipment or supplies, are included in supplies in the consolidated statement of operations and changes in net assets for the year ended December 31, 2020. COVID-19 direct team member costs of $33,000 and $164,000 are included in salaries and wages and employee benefits, respectively, in the consolidated statement of operations and changes in net assets for the year ended December 31, 2020.

Financial Assistance

The Corporation, as part of its ministry to older adults, endeavors to provide financial assistance to eligible persons who meet certain criteria without charge or at amounts less than its established rates. Preference shall be given to meet the needs of current residents in accordance with the contractual agreement, which states, "HGPA will not terminate this Agreement solely because of resident's inability to meet resident's financial obligations to HGPA." HGPA maintains records to identify and monitor the level of financial assistance it provides. As resources are available, HGPA will agree to subsidize individual persons for studio units and couples for one-bedroom units and in health care with semi-private accommodations.

The following is a summary of the estimated value of HGPA's financial assistance during the years ended December 31 (in thousands):

	2020	2019
Medical assistance cost in excess of contractual reimbursement, subsidy	$ 1,700	$ 2,700
Financial assistance in support of those in need	1,300	1,300
Total	$ 3,000	$ 4,000

The financial assistance amounts above are not materially different than the difference between the cost of providing services to residents that qualified for financial assistance and the amounts these residents were able to pay for services rendered.

Performance Indicator

The consolidated statements of operations and changes in net assets (and HGPA's basic financial statements) includes the determination of income from operations. Changes in net assets without donor restrictions, which are excluded from income from operations consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets) and contributions in aid of construction.

Income Taxes

The Corporation and all of its affiliates, excluding BSA, PresbyHousing, Inc., RSA, PRH, Wynnefield, WSH, PILA, Cantrell, CHI, Witherspoon and WHI are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code and are also exempt from state and local income taxes under similar statutes.

Income taxes are not payable by, or provided for by, BSA, RSA, Wynnefield, Cantrell and Witherspoon, which are limited partnerships. Taxation related to the partners' share of allocable items is determined separately, outside of BSA, RSA, Wynnefield, Cantrell and Witherspoon. PresbyHousing, Inc., PRH, CHI and WHI are for-profit corporations; there were no items that gave rise to deferred income tax provisions in 2020 and 2019 for these entities. WSH and PILA are limited liability companies that have elected not be treated as a separate entity for federal income tax purposes and under applicable Treasury regulations will be disregarded as separate entities for federal income tax purposes.

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2020 and 2019.

Reclassifications

Certain items in the 2019 consolidated financial statements have been reclassified to conform with the 2020 consolidated financial statements presentation.

3. Liquidity and Availability of Resources

As of December 31, the Corporation has financial assets available for general expenditure within one year of the consolidated balance sheets date, consist of the following (in thousands):

	2020	2019
Cash and cash equivalents	$ 11,041	$ 17,062
Resident accounts receivable	2,316	1,959
Other receivables, net	2,745	2,648
Investments	122,833	113,274
Total	$ 138,935	$ 134,943

The Corporation has investments, which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Corporation has other restricted cash and cash equivalents and investments for deposits from initial sales contracts, assets held by trustee under trust indenture, assets reserved for and donor-restricted purposes. These restricted cash and investments, which are more fully described in Note 4 are not available for general expenditure within the next year and are not reflected in the amounts above.

As stated in Note 4, the Corporation designated a portion of its investments "reserved" to comply with the requirements of Pennsylvania Act 82, which are excluded from the total financial assets available for general expenditure within one year of the balance sheet date. Although the Corporation does not intend to utilize the Act 82 Reserves for general expenditures as part of its annual budget and approval process, amounts designated as Act 82 reserves could be made available as necessary. The Act 82 reserves are included with the restricted investments in Note 4, and do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

4. Investments and Restricted Investments

The composition of investments and restricted investments is set forth in the following table (in thousands):

	2020	2019
Investments:		
Cash and cash equivalents	$ 5,461	$ 14,127
Mutual funds:		
Equity	74,392	71,771
Fixed income	29,231	23,955
Alternative investments	18,939	8,367
Total	128,023	118,220
Less amounts available to meet HGPA's statutory minimum liquid reserve requirement	5,190	4,946
Total investments	$ 122,833	$ 113,274
Restricted investments:		
Cash and cash equivalents	$ 274	$ 1,181
Mutual funds:		
Equity	10,728	10,490
Fixed income	5,449	4,574
Alternative investments	2,597	1,182
Total	$ 19,048	$ 17,427

Investments held were comprised of the following (in thousands):

	2020	2019
Without donor restriction	$ 63,923	$ 52,407
Community restricted, Board-designated	31,264	25,984
Reserve for replacement, Board-designated	32,836	39,829
Total investments	$ 128,023	$ 118,220

Restricted investments are maintained for the following purposes (in thousands):

	2020	2019
Investments restricted by donors	$ 19,048	$ 17,427

HGPA's investments (including statutory minimum liquid reserve) totaled $79,797,000 and $75,200,000 at December 31, 2020 and 2019, respectively. HGPA's restricted investments totaled $18,764,000 and $17,187,000 at December 31, 2020 and 2019, respectively. HGPA's investments and restricted investments are invested 2 percent in cash and cash equivalents, 55 percent in equity mutual funds, 30 percent in fixed income mutual funds and 13 percent in alternative investments at December 31, 2020; these percentages were 13 percent in cash and cash equivalents, 55 percent in equity mutual funds, 26 percent in fixed income mutual funds and 6 percent in alternative investments at December 31, 2019.

Investment return is comprised of the following (in thousands):

	2020	2019
Without donor restrictions:		
Investment income (including $2,352,000 in 2020 and $2,899,000 in 2019 specific to HGPA)	$ 3,790	$ 5,779
Investment expenses (including $288,000 in 2020 and $261,000 in 2019 specific to HGPA)	(428)	(396)
Total investment income, net	3,362	5,383
Net realized gains on sales of investments (including $7,586,000 in 2020 and $1,947,000 in 2019 specific to HGPA)	8,116	1,692
Net change in unrealized gains on investments (including $1,012,000 in 2020 and $7,213,000 in 2019 specific to HGPA)	4,520	12,391
Total investment return without donor restrictions	15,998	19,466
With donor restrictions (substantially all of which is specific to HGPA):		
Dividend and interest income	545	596
Realized gains on investments, net	881	329
Unrealized gains on investments with donor restrictions, net	791	1,908
Total investment return with donor restrictions	2,217	2,833
Total investment return	$ 18,215	$ 22,299

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Board of Directors designated a portion of HGPA's investments "reserved" to meet the requirements of Act 82.

These designated funds amounted to approximately $5,190,000 and $4,946,000 at December 31, 2020 and 2019, respectively. The amounts are based on the allowable calculation methodology. The December 31, 2020 amount was calculated as follows (in thousands):

Budgeted operating expenses for HGPA for the year ending December 31, 2021	$	69,353	
Less budgeted depreciation and amortization expense		12,241	
Expenses subject to minimum liquid reserve requirement		57,112	
Percentage of residents subject to entrance fee agreements at December 31, 2020		82%	
Subtotal		46,832	
Statutory requirement		10%	
Statutory minimum liquid reserve requirement	$	4,683	(a)
Debt service requirements for the year ending December 31, 2021 on long-term debt allocated for HGPA:			
Principal payments	$	1,611	
Interest payments		4,717	
Total debt service		6,328	
Percentage of residents subject to entrance fee agreements at December 31, 2020		82%	
Statutory minimum liquid reserve requirement	$	5,190	(b)
Greater of (a) or (b) above (rounded)	$	5,190	

5. Fair Value Measurements

FASB ASC Topic 820 defines fair value 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. FASB ASC Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value (NAV) per share (or its equivalent) with the ability to redeem the investments in the near term.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

- Mutual funds - Mutual funds registered with the U.S. Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted market prices, which represent the NAV of shares, and are categorized as Level 1.

- Investments and restricted investments in the accompanying consolidated balance sheet includes $21,536,000 of an alternative investment fund (the Fund) at December 31, 2020 (HGPA investments and restricted investments in the Fund were $13,693,000 at December 31, 2020). The Fund is measured using the NAV per share as a practical expedient. The following represents the objectives and redemption restrictions for the Fund:

    Hirtle Callaghan Select Equity Fund, LP: The investment objective of the fund is to generate long-term growth in assets by investing primarily in equity and equity-related securities. To realize the objecting, the fund may allocate capital to be managed by third party investment managers, as well as make directly investments. The fund allocates capital to managers through separate accounts and by subscribing to open and/or closed-end funds sponsored by such managers. While the fund intends that its investments will have a predominately long-bias, the fund will not be limited with respect to the types of investment strategies or structures it may employ or the markets or securities in which it may invest, except as it relates to the use of leverage. A limited partner may withdrawal all or a portion of its capital account as of the last day of each calendar quarter, or at such other times as the General Partner may determine in its sole discretion, provided that the capital account has been in existence for at least 12 months as of the relevant withdrawal date. Withdrawals shall require no less than 90 days' prior written notice to the General Partner. The General Partner, in its sole discretion, may waive the notice requirement for any withdrawal. Withdrawals by investors with more than one capital account will be on a first-in-first out basis. There were no unfunded commitments related to this fund at December 31, 2020.

The following table presents the fair value measurements of financial instruments recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall as of December 31, 2020 and 2019 (in thousands):

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, statutory minimum liquid reserve and restricted investments:				
Equity mutual funds:				
International	$ 27,219	$ -	$ -	$ 27,219
Large and mid-cap	44,680	-	-	44,680
Emerging markets	12,462	-	-	12,462
Small cap	759	-	-	759
Fixed income mutual funds:				
Corporate	17,438	-	-	17,438
U.S. treasury/agency	4,563	-	-	4,563
Other	12,679	-	-	12,679
Total	$ 119,800	$ -	$ -	119,800
Alternative investments valued at NAV (a)				21,536
Cash and cash equivalents				5,735
Total investments, statutory minimum liquid reserve and restricted investments				$ 147,071
Beneficial interest in split-interest agreements and perpetual trusts	$ -	$ -	$ 9,119	$ 9,119

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, statutory minimum liquid reserve and restricted investments:				
Equity mutual funds:				
International	$ 25,459	$ -	$ -	$ 25,459
Large and mid-cap	39,563	-	-	39,563
Emerging markets	12,314	-	-	12,314
Small cap	3,296	-	-	3,296
Other	1,629	-	-	1,629
Fixed income mutual funds:				
Corporate	15,672	-	-	15,672
U.S. treasury/agency	4,047	-	-	4,047
Other	8,810	-	-	8,810
Total	$ 110,790	$ -	$ -	110,790
Alternative investments valued at NAV (a)				9,549
Cash and cash equivalents				15,308
Total investments, statutory minimum liquid reserve and restricted investments				$ 135,647
Beneficial interest in split-interest agreements and perpetual trusts	$ -	$ -	$ 8,420	$ 8,420

(a) In accordance with accounting principles generally accepted in the United States of America, certain investments that were measured at NAV per share have not been classified in the fair value hierarchy. The fair value is presented to reconcile to total investments, statutory minimum liquid reserve and restricted investments in the consolidated balance sheets.

The Corporation measures its beneficial interest in split-interest agreements and perpetual trusts at fair value based on the fund's underlying investments using unobservable inputs (Level 3) in accordance with accounting principles generally accepted in the United States of America. Changes in the beneficial interest in split-interest agreements and perpetual trusts in 2020 and 2019 were as follows (in thousands):

	2020	**2019**
Beginning balance	$ 8,420	$ 7,476
Investment income	311	320
Distributions	(311)	(320)
Valuation gain	699	944
Ending balance	$ 9,119	$ 8,420

6. Land, Buildings and Equipment, Net

Land, buildings and equipment, net at cost consist of the following at December 31, 2020 and 2019 (in thousands):

	2020	2019
Land	$ 23,147	$ 23,147
Buildings and improvements	371,963	369,290
Furnishings, equipment and automotive	35,618	44,139
Investment in leased property	2,046	2,046
Total	432,774	438,622
Less accumulated depreciation	(202,138)	(223,255)
Subtotal	230,636	215,367
Construction in progress	22,996	14,618
Land, buildings and equipment, net	$ 253,632	$ 229,985

Depreciation expense was $15,978,000 in 2020 and $15,352,000 in 2019 (including $10,903,000 in 2020 and $10,243,000 in 2019 specific to HGPA).

HGPA's land, buildings and equipment (net of accumulated depreciation of $117,416,000 and $143,608,000 at December 31, 2020 and 2019, respectively) was $163,664,000 and $135,574,000 at December 31, 2020 and 2019, respectively. HGPA's land, buildings and equipment balances are categorized in a proportionately consistent manner with the property and equipment categories above.

The Corporation has entered into construction contracts totaling approximately $51,145,000 primarily related to the Rydal Waters expansion project at Rydal Park (Rydal Waters project). Costs incurred through December 31, 2020, were $36,742,000. The Corporation has entered into an irrevocable standby letter of credit with Citizens Bank in the amount of $4,876,559 for the benefit of the Township of Abington related to the completion of the Rydal Waters project. There were no amounts drawn as of December 31, 2020.

7. Construction Loan

The Corporation had available funds totaling $61,567,000 in a construction loan with a commercial bank to partially finance the cost of the Rydal Waters project. The construction on the Rydal Waters project started in 2019 and is expected to be completed in 2022. The outstanding construction loan balance for the Rydal Waters project was $38,294,000 at December 31, 2020. The construction loan will be paid down to $20,567,000 in May 2022 and then will be amortized over 30 years and bears interest at a variable rate (1.15 percent at December 31, 2020). The construction loan is secured under the terms of the HGPA Master Trust Indenture dated October 1, 2017 described in Note 8.

8. Long-Term Debt

Long-term debt consists of the following at December 31, 2020 and 2019 (in thousands):

	2020	2019
HumanGood Pennsylvania		
Montgomery County Industrial Development Authority Revenue Bonds, Philadelphia Presbytery Homes, Inc. Project, Series 2017 Bonds. (a)	$ 83,610	$ 85,110
HumanGood East		
Note payable to Federal Home Loan Bank of Pittsburgh to provide funds to construct Witherspoon. Note secured by mortgage on Witherspoon property. Note bears no interest and is payable upon maturity in 2032. Forgiveness provision at 15 years in October 2032.	650	650
Note payable to Federal Home Loan Bank of Atlanta to provide funds to construct Witherspoon. Note secured by mortgage on Witherspoon property. Note bears interest compounding annually at 4% and is payable upon maturity in 2048. Forgiveness provision at 15 years in October 2033.	495	495
Philadelphia Presbytery Apartments of Morrisville, Inc. and Germantown Interfaith Housing, Inc.		
Philadelphia Authority for Industrial Development Senior Living Revenue Bonds, Series 2005A, The PresbyHomes Germantown/Morrisville Project. (b)	9,910	10,285
Affordable Housing Communities		
Mortgage payable to Redevelopment Authority of the City of Philadelphia bearing no interest $7,322,525 and bearing interest $2,012,946 with principal payments deferred until 2040 through 2052.	9,782	9,693
Affordable Housing Communities and HGE		
Capital advances payable to HUD. The Corporation entered into capital advance agreements with HUD, whereby HUD advanced the Corporation funds for development of various affordable housing projects. The capital advances are due to the Federal Housing Administration and are collateralized by a deed of trust on the rental property of such projects. The capital advances bear no interest and will not be required to be repaid so long as the housing remains available to eligible very low-income persons or persons with disabilities for a period of 40 years in accordance with Section 202 of the National Housing Act of 1959. The maturity dates of the arrangements range from 2033 to 2065.	68,238	68,238

		2020		2019
Philadelphia Apartments at 58th Street, Inc.				
Mortgage payable insured by HUD in equal monthly installments of $32,409, including interest at 4.26%, maturing in May 2053, secured by rental property and equipment.	$	6,829	$	6,925
Grace Court, Inc.				
Mortgage payable insured by HUD in equal monthly installments of $33,967, including interest at 3.75%, maturing in February 2052, secured by rental property and equipment.		7,486		7,610
Bensalem Senior Apartments, LP				
Mortgage payable to Pennsylvania Housing Finance Agency (PHFA) in equal monthly installments of $2,241, including interest at 7.25%, maturing in 2026, secured by all assets and revenues of BSA.		122		138
Mortgage payable to PHFA PennHomes Program, payable only to the extent of excess revenues over expenses as defined and bearing no interest, payable in full at maturity in 2030.		1,171		1,171
Mortgage payable to County of Bucks Board of Commissioners, bearing no interest and payable upon maturity in 2033, or refinancing or sale of mortgaged property.		1,200		1,200
Riverside Senior Apartments, LP				
Philadelphia Authority for Industrial Development Multifamily Housing Revenue Bonds, Series 2008A, The Riverside Senior Apartments Project. (c)		8,135		8,235
HumanGood Pennsylvania				
Finance lease obligations.		178		260
Total		197,806		200,010
Unamortized premium (HGPA)		5,165		5,351
Less current portion		(2,362)		(2,296)
Less unamortized debt issuance costs		(3,593)		(3,733)
Long-term debt	$	197,016	$	199,332

(a) In October 2017, the Montgomery County Higher Education and Health Authority issued $88,145,000 of Series 2017 Revenue Bonds (the 2017 Bonds) on behalf of HGPA. Proceeds from the 2017 Bonds were primarily used to refund the 2010 Bonds, the 2013 Bonds, finance various capital projects and fund a debt service reserve fund for the 2017 Bonds.

The 2017 Bonds bear interest payable semi-annually at rates ranging from 2 percent to 5 percent. Principal payments on the 2017 Bonds are due in varying annual installments through 2048.

The 2017 Bonds have been issued under a Master Trust Indenture dated October 1, 2017, as supplemented, which secures the obligations of HGPA and includes a security interest on substantially all of the Borrower's property and equipment.

(b) In May 2005, the Philadelphia Authority for Industrial Development issued $12,075,000 of Series 2005A Senior Living Revenue Bonds (the 2005A Bonds) on behalf of Germantown and Morrisville (collectively, the Borrowers). The proceeds from the 2005A Bonds were primarily used to refinance existing HUD Section 202 Direct Loans, finance various capital projects and fund various reserve accounts for the 2005A Bonds.

The 2005A Bonds bear interest payable semi-annually at rates ranging from 5.125 percent to 5.625 percent. Principal payments on the 2005A Bonds are due in varying semi-annual installments through 2035.

The 2005A Bonds are secured by a pledge of the Borrower's revenues, as defined, and a first mortgage lien on, and security interest in, substantially all of the Borrower's property and equipment.

(c) In April 2008, the Philadelphia Authority for Industrial Development issued $9,000,000 of Series 2008A Multifamily Housing Revenue Bonds (the 2008A Bonds) on behalf of RSA. The proceeds from the 2008A Bonds were primarily used to refinance an existing HUD Section 202 Direct Loan and finance various capital projects.

The 2008A Bonds bear interest payable quarterly at a rate of 5.85 percent. Principal payments on the 2008A Bonds are due in varying quarterly installments through 2048.

The 2008A Bonds are secured by a pledge of RSA's revenues, as defined, and a first mortgage lien on, and security interest in, substantially all of RSA's property and equipment.

Scheduled principal repayments required on long-term debt are as follows (in thousands):

	Corporation	HGPA
Years ending December 31:		
2021	$ 2,362	$ 1,611
2022	2,427	1,625
2023	2,503	1,665
2024	2,594	1,714
2025	2,714	1,782
Thereafter	185,206	75,391
	$ 197,806	$ 83,788

9. Retirement Plan

The Corporation sponsors a defined contribution retirement plan. Expenses, net of forfeitures and adjustments, related to the plan were approximately $496,000 in 2020 and $500,000 in 2019.

10. Self-Insured Programs

Workers' Compensation Plan

The Corporation maintains a plan of self-insurance for workers' compensation claims in accordance with Pennsylvania Department of Labor and Industry regulations. The estimated liabilities were arrived at using information provided by an outside actuary and include a provision for incurred but not reported claims.

Unemployment Compensation Plan

The Corporation is self-insured for unemployment compensation benefits in accordance with Commonwealth of Pennsylvania regulations. The Corporation has elected to pay actual claims incurred in lieu of the Commonwealth's premium as permitted for nonprofit organizations. The Corporation believes all costs related to this self-insurance program have been properly accounted for and accrued at December 31, 2020 and 2019.

Health Insurance

The Corporation is self-insured for health insurance claims. The Corporation believes all costs related to this self-insurance program have been properly accounted for and accrued at December 31, 2020 and 2019.

11. Professional Liability Insurance

HGPA maintains professional liability coverage on a claims-made basis as a member of CCrRRG. In addition to premiums paid under this policy, a legal reserve of $184,000 is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet as of December 31, 2020 to cover estimated self-insurance retentions. Management believes no incidents occurred or will be asserted that will exceed HGPA's insurance coverages or will have a material adverse effect on the consolidated financial statements.

12. Net Assets

The Board of the Corporation has several standing board policies that affect the presentation of board designations on net assets. The Board-designated funds are held in the investment portfolio. The purpose restricted assets are those whose use by the Corporation has been limited by donors to a specific purpose and are primarily available for resident support. Funds held by trustee are funds held by a bank in which Corporation has a proportion of the fair market value and from which dividends and interest are paid. Funds restricted in perpetuity have been restricted by donors to be maintained by the Corporation in perpetuity, the investment income from these funds is expendable to support the Corporation.

	2020	2019
Net assets:		
Without donor restrictions:		
Undesignated from operations	$ 3,245	$ (6,576)
Noncontrolling ownership interest	17,739	19,785
Reserve for replacement, Board-designated	32,836	39,829
Designated by Board	31,264	25,984
	85,084	79,022
With donor restrictions:		
Purpose restricted	18,097	16,760
Funds held by trustee	9,119	8,420
Restricted in perpetuity	1,057	1,057
	28,273	26,237
Total net assets	$ 113,357	$ 105,259

13. Resident Service Revenues

The Corporation disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Resident service revenues consist of the following for the years ended December 31, 2020 and 2019 (in thousands):

	2020			
	Residential Living	Personal Care	Health Center	Total
Private (contract)	$ 19,115	$ 2,502	$ 1,089	$ 22,706
Private (noncontract)	817	8,206	2,904	11,927
Medicare (Part A)	-	-	2,463	2,463
Medicare (Part B)	-	-	764	764
Medicaid	-	-	2,460	2,460
Managed care	-	-	1,031	1,031
Subtotal	19,932	10,708	10,711	41,351
Amortization of nonrebatable entrance fees	-	-	-	6,202
Total	$ 19,932	$ 10,708	$ 10,711	$ 47,553

	2019			
	Residential Living	Personal Care	Health Center	Total
Private (contract)	$ 18,555	$ 2,895	$ 1,532	$ 22,982
Private (noncontract)	953	8,021	3,759	12,733
Medicare (Part A)	-	-	3,956	3,956
Medicare (Part B)	-	-	1,058	1,058
Medicaid	-	-	4,494	4,494
Managed care	-	-	1,591	1,591
Subtotal	19,508	10,916	16,390	46,814
Amortization of nonrebatable entrance fees	-	-	-	6,093
Total	$ 19,508	$ 10,916	$ 16,390	$ 52,907

14. Functional Expenses

The Corporation provide housing, healthcare and other related services to residents within their geographic location. The consolidated financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are approximately as follows at December 31, 2020 and 2019 (in thousands):

	2020			
	Residential Services	**General and Administrative**	**Fundraising**	**Total**
Salaries and wages	$ 22,788	$ 5,454	$ 199	$ 28,441
Employee benefits	4,557	1,123	59	5,739
Supplies	4,325	959	7	5,291
Ancillary services	1,981	-	-	1,981
Repairs and maintenance	1,502	-	-	1,502
Marketing and advertising	775	-	-	775
Purchased services	4,641	1,810	24	6,475
Utilities	3,328	104	-	3,432
Travel and related	51	30	1	82
Leases and rents	98	11	-	109
Insurance	1,525	46	-	1,571
Other operating expenses	1,687	416	104	2,207
Depreciation and amortization	16,041	115	-	16,156
Mortgage interest	5,415	342	-	5,757
Total	$ 68,714	$ 10,410	$ 394	$ 79,518

	2019			
	Residential Services	**General and Administrative**	**Fundraising**	**Total**
Salaries and wages	$ 25,896	$ 6,319	$ 184	$ 32,399
Employee benefits	5,372	1,409	59	6,840
Supplies	4,660	215	4	4,879
Ancillary services	3,230	-	-	3,230
Repairs and maintenance	1,535	-	-	1,535
Marketing and advertising	852	27	-	879
Purchased services	4,221	2,862	67	7,150
Utilities	3,584	122	-	3,706
Travel and related	91	77	3	171
Leases and rents	128	-	-	128
Insurance	1,558	46	-	1,604
Other operating expenses	1,565	592	187	2,344
Depreciation and amortization	15,276	157	-	15,433
Mortgage interest	5,447	339	-	5,786
Total	$ 73,415	$ 12,165	$ 504	$ 86,084

HGPA's total expenses were $61,639,000 in 2020 and $68,105,000 in 2019 and are categorized in a proportionately consistent manner with the functional expense categories above.

15. Related-Party Transactions

HumanGood Pennsylvania

The balance sheets of HGPA as of December 31, 2020 and 2019 and the related statements of operations and changes in net assets and cash flows for the years then ended (the basic financial statements) (discretely presented in the accompanying consolidating schedules on pages 33 through 38 and in the accompanying statements of cash flows on page 39) have been audited. The following amounts represent the material related-party transactions between HGPA and the other Corporation subsidiaries as of and for the years ended December 31, 2020 and 2019.

Intercompany receivables include $2,176,000 and $1,666,000 at December 31, 2020 and 2019, respectively, which represent management fees receivable and other operating advances to the Affordable Housing Communities, which there are no fixed repayment terms and are expected to be settled during the normal course of business.

Subordinated notes receivable, affiliate, of $1,638,000 and $2,729,000 at December 31, 2020 and 2019, respectively, represent net development fees and related accrued interest receivable from Riverside, Grace Court, Cantrell, Witherspoon, HGE and Ann Thomas. The amounts are evidenced by, and are to be paid in accordance with, the terms of the Agreements. Management believes the balances due from communities listed above are fully collectible.

Notes and bonds payable held by affiliates consists of the following (in thousands):

	2020	2019
Note payable to Bala in semi-annual installments of $310,724, including interest at 4%, with final payment due in 2030. Proceeds were used to finance Makemie development costs.	$ 5,081	$ 5,487
Note payable to Bala, interest accrued at one-month LIBOR plus 50 basis points with the maximum interest rate not to exceed 2.50% up through April 2019. After completion of permanent financing in May 2019, the note was revised over a 35 year term at 4% annual interest rate with final payment due in 2054. Proceeds were used to acquire land known as Rydal Waters, which is adjacent to Rydal Park, as part of the Rydal Waters project.	8,620	8,741
Total notes payable	13,701	14,228
Less current portion	(548)	(527)
Notes payable, affiliate, long-term portion	$ 13,153	$ 13,701

Scheduled principal repayments required on the notes and bonds payable held by affiliate are as follows (in thousands):

Years ending December 31:	
2021	$ 548
2022	570
2023	593
2024	617
2025	642
Thereafter	10,731
Total	$ 13,701

In April 2008, the Philadelphia Authority for Industrial Development issued $15,000,000 of Series 2008 Bonds on behalf of RSA. Principal payments on the Series 2008A Bonds are due in quarterly installments ranging from $10,000 to $970,000 through April 2048 (Note 8). Principal on the Series 2008B Bonds (the 2008B Bonds) are payable from and to the extent of RSA's available surplus cash. HGPA is a guarantor on the Series 2008 Bonds. In addition to the guaranty agreement, the Bonds are secured by a mortgage agreement on certain property and equipment of RSA. As of December 31, 2020, the outstanding principal amount is $8,135,000 on the Series 2008A Bonds and $6,000,000 on the Series 2008B Bonds. The Series 2008B Bonds were executed in conjunction with a ground lease between RSA and PPA and there were no proceeds as a result of Series 2008B Bonds, therefore, there is no net liability for the AFH entities.

Contributions to HGPA from affiliates of $1,128,000 and $1,078,000 in 2020 and 2019, respectively, are primarily attributable to amounts received from Bala for resident, chaplain and philanthropy support.

HGPA provides management services and other support services to the Corporation's subsidiaries as well as 19 unrelated corporations under management agreements. Management fees paid to HGPA by related parties were $1,208,000 in 2020 and $1,143,000 in 2019.

HGPA also owed HumanGood NorCal $289,000 as of December 31, 2020 for various costs which are expected to be settled during the normal course of business with no fixed repayment terms.

Other Related-Party Transactions

58th Street entered into a loan agreement with WHI and Witherspoon on October 11, 2017 to provide $1,200,000 to be used for the acquisition of the property located at 2050 South 58th Street, Philadelphia, Pennsylvania, and $1,500,000 for the cost of development and construction from nonfederal funds. The loan is secured by a Second Mortgage on the property and bears interest at 5 percent compounding annually. The loan matures 30 years from the date the Project is placed in service.

HGE received a note from Federal Home Loan Bank of Pittsburgh on October 11, 2017 for $650,000 to provide funds for the construction of a 60 unit low-income rental housing development. The note bears no interest and no payment of principal and shall be forgiven in 15 years. The note is secured by a Third Mortgage on the premises located at 2050 South 58th Street, Philadelphia, Pennsylvania.

Witherspoon entered into loan agreement with HGE to provide $650,000 in funding for the construction of a 60 unit low-income rental housing development. No payments of principal or interest shall be due until the maturity, which is 30 years from the date on which final unconditional certificates of occupancy.

HGE received a note from Federal Home Loan Bank of Atlanta on October 11, 2017 for $495,025 to provide funds for the construction of a 60 unit low-income rental housing development. The note bears interest at 4 percent compounded annually and is secured by a mortgage. The entire principal balance of the principal sum together with compound interest shall be paid on the date which is 30 years from the date of completion of the construction Project.

Witherspoon Senior Apartments LP entered into loan agreement with Philadelphia Presbytery Homes and Services for the Aging to provide $495,025 in funding for the construction of a 60 unit low-income rental housing development. The note bears interest at 4 percent compounded annually. No payments of principal or interest shall be due until the maturity, which is 30 years from the date on which final unconditional certificates of occupancy.

Cantrell and CHI entered into a loan agreement with the Philadelphia Redevelopment Authority (RDA) on August 29, 2017 to provide $2,200,000 in funds for the construction of 61 units of permanent rental housing for low income residents located at 427-55,438-48, 502-26, 523-31 Cantrell Street, 519-21 Winton Street, 2116 South 5th Street, Philadelphia, Pennsylvania. The loan bears interest at 2.4 percent per annum, compounded annually. The entire principal balance together with any accrued interest is due and payable on the 32nd anniversary from the date hereof.

16. 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.

HUD Compliance Contingencies

The AFH entities are required to comply with certain HUD requirements in accordance with the respective contracts with HUD. Failure to maintain compliance with HUD could result in recapture of HUD rental subsidy.

Low Income Housing Tax Credit Contingencies

58th Street is the guarantor for certain contingent liabilities for operating deficits, tax credits and construction loans at WSH, Cantrell and Witherspoon. The maximum liability that could result is approximately $6,100,000.

COVID-19

The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets, supply chains, businesses and communities. The Corporation's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were issued. COVID-19 may impact various parts of the Corporation's 2021 operations and financial performance, including but not limited to additional costs for emergency preparedness, disease control and containment, COVID testing and vaccinations, potential shortages of personnel, supply chain disruption, declines in revenues 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. Throughout the pandemic, the Corporation has provided up to date information on its COVID-19 response through a dedicated page on the Corporation's website.

17. Concentrations

The Corporation grants credit without collateral to its residents, most of whom are local residents and some of whom are insured under third-party payor agreements, primarily with Medical Assistance, Medicare and various commercial insurance carriers.

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risk.

The Corporation's Affordable Housing Communities' operations are concentrated in the multifamily real estate market. In addition, the Affordable Housing Communities operate in a heavily regulated environment. The operations of the Affordable Housing Communities are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD and PHFA. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and PHFA. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

18. Sale of Broomall

HGPA entered into an asset purchase agreement (APA) in March 2019 with a third party to purchase certain assets of the Broomall campus, including real property, fixtures and improvements, furniture and equipment, the facility and business assets, as defined in the APA for a sales price of $14,600,000. Broomall also entered into an operations transfer agreement (OTA) in March 2019 with a third party to operate the Broomall facility. The sale and operations transfer closed on May 12, 2019 and a gain on the sale of $4,250,000 was recorded during 2019 in (losses) gains on disposal of assets in the accompanying consolidated financial statements (and HGPA basic financial statements). Additional proceeds of $250,000 were released from escrow related to the sale during 2020.

19. Subsequent Events

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are issued. The Corporation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Corporation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before consolidated financial statements are issued.

In April 2021, the Corporation applied for and was approved for a loan pursuant to the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration in the amount of $3,814,000. The loan carries no collateral or guarantee requirements. Under the terms of the loan, interest and principal payments are deferred for 6 months from the date of issuance. The PPP loan bears interest at 1 percent per annum and will mature 5 years after issuance. Subject to certain eligibility and certification requirements under the PPP, some or all of the loan amount may be forgiven; however, the amount and timing of any forgiveness is uncertain.

The Corporation has evaluated subsequent events through April 30, 2021, which is the date the consolidated financial statements (and HGPA basic financial statements) were issued.

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life (a Member of HumanGood Cornerstone)

Consolidating Schedule, Balance Sheet
December 31, 2020
(In Thousands)

	HumanGood Pennsylvania (Basic Financial Statements)	Supplementary Information: The Presbyterian Home at 58th Street, Inc.	Affordable Housing Communities	Bala Presbyterian Home Foundation	HGE	Total	Eliminations	Consolidated Total
Assets								
Current Assets								
Cash and cash equivalents	$ 5,167	$ 2,753	$ 2,631	$ 489	$ 1	$ 11,041	$ -	$ 11,041
Resident accounts receivable	2,242	-	74	-	-	2,316	-	2,316
Other receivables, net	2,620	-	125	-	-	2,745	-	2,745
Prepaid expenses, deposits and other assets	698	-	377	1	-	1,076	-	1,076
Intercompany	2,176	(18)	(2,013)	(166)	-	(21)	21	-
Total current assets	12,903	2,735	1,194	324	1	17,157	21	17,178
Restricted Cash and Cash Equivalents	23,124	-	11,992	-	1	35,117	-	35,117
Investments	74,607	1,757	-	46,469	-	122,833	-	122,833
Statutory Minimum Liquid Reserve	5,190	-	-	-	-	5,190	-	5,190
Restricted Investments	18,764	284	-	-	-	19,048	-	19,048
Subordinated Notes Receivables	1,638	3,630	-	13,701	9,415	28,384	(28,384)	-
Other Noncurrent Assets	2,470	13	274	-	1,000	3,757	(1,000)	2,757
Beneficial Interest in Split-Interest Agreements and Perpetual Trusts	4,689	346	-	4,084	-	9,119	-	9,119
Land, Buildings and Equipment, Net	163,664	-	99,130	-	-	262,794	(9,162)	253,632
Total assets	$ 307,049	$ 8,765	$ 112,590	$ 64,578	$ 10,417	$ 503,399	$ (38,525)	$ 464,874

HumanGood East
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Consolidating Schedule, Balance Sheet
December 31, 2020
(In Thousands)

	HumanGood Pennsylvania (Basic Financial Statements)	Supplementary Information: The Presbyterian Home at 58th Street, Inc.	Affordable Housing Communities	Bala Presbyterian Home Foundation	HGE	Total	Eliminations	Consolidated Total
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 5,509	$ 25	$ 1,169	$ 2	$ 2	$ 6,707	$ 23	$ 6,730
Construction payable	4,288	-	-	-	-	4,288	-	4,288
Deposits	331	-	435	-	-	766	-	766
Accrued interest	39	-	660	-	67	766	(211)	555
Current portion of long-term debt	2,159	-	751	-	-	2,910	(548)	2,362
Payable to affiliates	289	-	-	-	-	289	-	289
Entrance fee rebates payable	575	-	-	-	-	575	-	575
Total current liabilities	13,190	25	3,015	2	69	16,301	(736)	15,565
Construction Loan	38,294	-	-	-	-	38,294	-	38,294
Rebatable Entrance Fees Due	66,526	-	-	-	-	66,526	-	66,526
Entrance Fees Nonrefundable	24,427	-	-	-	-	24,427	-	24,427
Entrance Fees Subject to Refund	8,026	-	-	-	-	8,026	-	8,026
Long-Term Debt	85,279	-	102,454	-	9,283	197,016	-	197,016
Notes and Bonds Payable Held by Affiliates	13,153	-	12,572	-	-	25,725	(25,725)	-
Retirement Liability	897	-	-	-	-	897	-	897
Workers' Compensation Liability	612	34	-	-	-	646	-	646
Other Long-Term Liabilities	206	-	1,816	-	-	2,022	(1,902)	120
Total liabilities	250,610	59	119,857	2	9,352	379,880	(28,363)	351,517
Net Assets (Deficit)								
Net assets (deficit) without donor restrictions:								
Controlling ownership interest	33,135	8,076	(25,078)	60,309	1,065	77,507	(10,162)	67,345
Noncontrolling ownership interest in limited partnerships	-	-	17,739	-	-	17,739	-	17,739
Total net assets (deficit) without donor restrictions	33,135	8,076	(7,339)	60,309	1,065	95,246	(10,162)	85,084
Net assets with donor restrictions	23,304	630	72	4,267	-	28,273	-	28,273
Total net assets (deficit)	56,439	8,706	(7,267)	64,576	1,065	123,519	(10,162)	113,357
Total liabilities and net assets (deficit)	$ 307,049	$ 8,765	$ 112,590	$ 64,578	$ 10,417	$ 503,399	$ (38,525)	$ 464,874

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life (a Member of HumanGood Cornerstone)

Consolidating Schedule, Statement of Operations and Changes in Net Assets
Year Ended December 31, 2020
(In Thousands)

		Supplementary Information						
	HumanGood Pennsylvania (Basic Financial Statements)	The Presbyterian Home at 58th Street, Inc.	Affordable Housing Communities	Bala Presbyterian Home Foundation	HGE	Total	Eliminations	Consolidated Total
Changes in Net Assets Without Donor Restrictions								
Operating revenues:								
Residential living	$ 19,932	$ -	$ -	$ -	$ -	$ 19,932	$ -	$ 19,932
Personal care	10,708	-	-	-	-	10,708	-	10,708
Health center	10,711	-	-	-	-	10,711	-	10,711
Other service income	1,067	-	198	-	-	1,265	-	1,265
Amortization of entry fees	6,202	-	-	-	-	6,202	-	6,202
COVID relief funding	1,843	-	-	-	-	1,843	-	1,843
Other operating revenues	63	-	-	-	-	63	(63)	-
Affordable housing fees and rents	1,908	-	16,266	-	-	18,174	(1,145)	17,029
Net assets released from restrictions	1,203	-	14	-	-	1,217	-	1,217
Unrestricted contributions	1,156	-	63	10	-	1,229	(1,128)	101
Total operating revenues	54,793	-	16,541	10	-	71,344	(2,336)	69,008
Operating expenses:								
Salaries and wages	24,579	-	3,862	-	-	28,441	-	28,441
Employee benefits	4,846	-	893	-	-	5,739	-	5,739
Supplies	4,545	-	746	-	-	5,291	-	5,291
Ancillary services	1,981	-	-	-	-	1,981	-	1,981
Repairs and maintenance	206	-	1,296	-	-	1,502	-	1,502
Marketing and advertising	773	-	2	-	-	775	-	775
Purchased services	4,873	8	1,587	7	-	6,475	-	6,475
Utilities	1,736	-	1,696	-	-	3,432	-	3,432
Travel and related	67	-	15	-	-	82	-	82
Leases and rents	109	-	-	-	-	109	-	109
Insurance	833	-	736	2	-	1,571	-	1,571
Other operating expense	1,898	11	1,451	1,182	-	4,542	(2,335)	2,207
Total operating expenses	46,446	19	12,284	1,191	-	59,940	(2,335)	57,605
Income (loss) before other operating income (expense)	8,347	(19)	4,257	(1,181)	-	11,404	(1)	11,403
Other operating income (expense):								
Realized gains on investments, net	7,586	37	-	493	-	8,116	-	8,116
Change in unrealized gains on investments, net	1,012	115	-	3,393	-	4,520	-	4,520
Investment income, net	2,064	225	12	1,887	43	4,231	(869)	3,362
Interest expense	(4,165)	-	(2,094)	-	(22)	(6,281)	524	(5,757)
Depreciation and amortization expenses	(11,060)	-	(5,372)	-	-	(16,432)	276	(16,156)
Other income/expense, net	-	-	(32)	-	-	(32)	-	(32)
Losses on disposal of assets	(145)	-	-	-	-	(145)	-	(145)
Income (loss) from operations	3,639	358	(3,229)	4,592	21	5,381	(70)	5,311
Net assets released from restrictions used for property and equipment	279	-	-	-	-	279	-	279
Contributions in aid of construction	221	-	376	(125)	-	472	-	472
Change in net assets without donor restrictions	4,139	358	(2,853)	4,467	21	6,132	(70)	6,062
Changes in Net Assets With Donor Restrictions								
Dividend and interest income	538	7	-	-	-	545	-	545
Unrealized gains on investments with donor restrictions, net	789	2	-	-	-	791	-	791
Valuation gains, beneficial interest in perpetual trusts	378	5	-	316	-	699	-	699
Realized gains on investments, net	881	-	-	-	-	881	-	881
Contributions	577	37	2	-	-	616	-	616
Net assets released from restrictions, other	-	-	(14)	-	-	(14)	-	(14)
Net assets released from restrictions, payment to beneficiaries	(1,482)	-	-	-	-	(1,482)	-	(1,482)
Change in net assets with donor restrictions	1,681	51	(12)	316	-	2,036	-	2,036
Change in net assets	5,820	409	(2,865)	4,783	21	8,168	(70)	8,098
Net Assets (Deficit), Beginning	50,619	8,297	(4,402)	59,793	1,044	115,351	(10,092)	105,259
Net Assets (Deficit), Ending	$ 56,439	$ 8,706	$ (7,267)	$ 64,576	$ 1,065	$ 123,519	$ (10,162)	$ 113,357

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
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Consolidating Schedule, Balance Sheet
December 31, 2019
(In Thousands)

	HumanGood Pennsylvania (Basic Financial Statements)	Supplementary Information						
		The Presbyterian Home at 58th Street, Inc.	Affordable Housing Communities	Bala Presbyterian Home Foundation	HGE	Total	Eliminations	Consolidated Total
Assets								
Current Assets								
Cash and cash equivalents	$ 11,140	$ 2,663	$ 2,761	$ 497	$ 1	$ 17,062	$ -	$ 17,062
Resident accounts receivable	1,897	-	62	-	-	1,959	-	1,959
Other receivables, net	2,460	-	188	-	-	2,648	-	2,648
Prepaid expenses, deposits and other assets	624	-	391	1	-	1,016	-	1,016
Intercompany	1,666	(7)	(1,599)	(79)	-	(19)	19	-
Total current assets	17,787	2,656	1,803	419	1	22,666	19	22,685
Restricted Cash and Cash Equivalents	10,677	-	11,717	-	1	22,395	-	22,395
Investments	70,254	1,640	-	41,380	-	113,274	-	113,274
Statutory Minimum Liquid Reserve	4,946	-	-	-	-	4,946	-	4,946
Restricted Investments	17,187	240	-	-	-	17,427	-	17,427
Subordinated Notes Receivables	2,729	3,469	-	14,228	9,372	29,798	(29,798)	-
Other Noncurrent Assets	2,343	13	294	-	1,000	3,650	(1,000)	2,650
Beneficial Interest in Split-Interest Agreements and Perpetual Trusts	4,313	339	-	3,768	-	8,420	-	8,420
Land, Buildings and Equipment, Net	135,574	-	103,500	-	-	239,074	(9,089)	229,985
Total assets	$ 265,810	$ 8,357	$ 117,314	$ 59,795	$ 10,374	$ 461,650	$ (39,868)	$ 421,782

HumanGood East
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Consolidating Schedule, Balance Sheet
December 31, 2019
(In Thousands)

	HumanGood Pennsylvania (Basic Financial Statements)	Supplementary Information: The Presbyterian Home at 58th Street, Inc.	Affordable Housing Communities	Bala Presbyterian Home Foundation	HGE	Total	Eliminations	Consolidated Total
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 5,503	$ 26	$ 1,511	$ 2	$ 2	$ 7,044	$ 21	$ 7,065
Construction payable	3,095	-	-	-	-	3,095	-	3,095
Deposits	287	-	427	-	-	714	-	714
Accrued interest	-	-	586	-	45	631	(106)	525
Current portion of long-term debt	2,111	-	712	-	-	2,823	(527)	2,296
Entrance fee rebates payable	152	-	-	-	-	152	-	152
Total current liabilities	11,148	26	3,236	2	47	14,459	(612)	13,847
Construction Loan	8,370	-	-	-	-	8,370	-	8,370
Rebatable Entrance Fees Due	61,298	-	-	-	-	61,298	-	61,298
Entrance Fees Nonrefundable	24,682	-	-	-	-	24,682	-	24,682
Entrance Fees Subject to Refund	6,939	-	-	-	-	6,939	-	6,939
Long-Term Debt	87,025	-	103,024	-	9,283	199,332	-	199,332
Notes and Bonds Payable Held by Affiliates	13,701	-	12,380	-	-	26,081	(26,081)	-
Retirement Liability	900	-	-	-	-	900	-	900
Workers' Compensation Liability	918	34	-	-	-	952	-	952
Other Long-Term Liabilities	210	-	3,076	-	-	3,286	(3,083)	203
Total liabilities	215,191	60	121,716	2	9,330	346,299	(29,776)	316,523
Net Assets (Deficit)								
Net assets (deficit) without donor restrictions:								
Controlling ownership interest	28,996	7,718	(24,271)	55,842	1,044	69,329	(10,092)	59,237
Noncontrolling ownership interest in limited partnerships	-	-	19,785	-	-	19,785	-	19,785
Total net assets (deficit) without donor restrictions	28,996	7,718	(4,486)	55,842	1,044	89,114	(10,092)	79,022
Net assets with donor restrictions	21,623	579	84	3,951	-	26,237	-	26,237
Total net assets (deficit)	50,619	8,297	(4,402)	59,793	1,044	115,351	(10,092)	105,259
Total liabilities and net assets (deficit)	$ 265,810	$ 8,357	$ 117,314	$ 59,795	$ 10,374	$ 461,650	$ (39,868)	$ 421,782

HumanGood East
f/k/a Philadelphia Presbytery Homes and Services for the Aging and Subsidiaries
d/b/a Presby's Inspired Life (a Member of HumanGood Cornerstone)

Consolidating Schedule, Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019
(In Thousands)

		Supplementary Information						
	HumanGood Pennsylvania (Basic Financial Statements)	The Presbyterian Home at 58th Street, Inc.	Affordable Housing Communities	Bala Presbyterian Home Foundation	HGE	Total	Eliminations	Consolidated Total
Change in Net Assets Without Donor Restrictions								
Operating revenues:								
Residential living	$ 19,508	$ -	$ -	$ -	$ -	$ 19,508	$ -	$ 19,508
Personal care	10,916	-	-	-	-	10,916	-	10,916
Health center	16,390	-	-	-	-	16,390	-	16,390
Other service income	1,612	1	220	-	-	1,833	-	1,833
Amortization of entrance fees	6,093	-	-	-	-	6,093	-	6,093
Other operating revenues	62	-	-	-	-	62	(62)	-
Affordable housing fees and rents	1,818	-	15,840	-	-	17,658	(1,081)	16,577
Net assets released from restrictions	1,359	-	24	-	-	1,383	-	1,383
Unrestricted contributions	1,338	-	5	8	-	1,351	(1,078)	273
Total operating revenues	59,096	1	16,089	8	-	75,194	(2,221)	72,973
Operating expenses:								
Salaries and wages	28,624	-	3,775	-	-	32,399	-	32,399
Employee benefits	5,965	-	875	-	-	6,840	-	6,840
Supplies	4,124	-	755	-	-	4,879	-	4,879
Ancillary services	3,230	-	-	-	-	3,230	-	3,230
Repairs and maintenance	224	-	1,311	-	-	1,535	-	1,535
Marketing and advertising	879	-	-	-	-	879	-	879
Purchased services	5,536	1	1,609	4	-	7,150	-	7,150
Utilities	1,948	(6)	1,764	-	-	3,706	-	3,706
Travel and related	155	-	16	-	-	171	-	171
Leases and rents	128	-	-	-	-	128	-	128
Insurance	881	1	720	2	-	1,604	-	1,604
Other operating expense	2,077	12	1,346	1,130	-	4,565	(2,221)	2,344
Total operating expenses	53,771	8	12,171	1,136	-	67,086	(2,221)	64,865
Income (loss) before other operating income (expense)	5,325	(7)	3,918	(1,128)	-	8,108	-	8,108
Other operating income (expense):								
Realized gains on investments, net	1,947	6	-	(261)	-	1,692	-	1,692
Change in unrealized gains on investments, net	7,213	226	-	4,952	-	12,391	-	12,391
Investment income, net	2,638	248	87	3,197	41	6,211	(828)	5,383
Interest expense	(4,037)	-	(2,256)	-	(21)	(6,314)	528	(5,786)
Depreciation and amortization expenses	(10,297)	-	(5,421)	-	-	(15,718)	285	(15,433)
Other income/expense, net	(851)	-	55	-	-	(796)	-	(796)
Gains on disposal of assets	3,910	-	-	-	-	3,910	-	3,910
Income (loss) from operations	5,848	473	(3,617)	6,760	20	9,484	(15)	9,469
Net assets released from restrictions used for property and equipment	198	-	35	-	-	233	-	233
Contributions in aid of construction	139	-	20,635	(139)	25	20,660	(25)	20,635
Change in net assets without donor restrictions	6,185	473	17,053	6,621	45	30,377	(40)	30,337
Changes in Net Assets With Donor Restrictions								
Dividend and interest income	590	6	-	-	-	596	-	596
Unrealized gains on investments with donor restrictions, net	1,899	9	-	-	-	1,908	-	1,908
Valuation gains, beneficial interest in perpetual trusts	459	36	-	449	-	944	-	944
Realized gains on investments, net	329	-	-	-	-	329	-	329
Contributions	762	27	17	-	-	806	-	806
Net assets released from restrictions, other	-	-	(59)	-	-	(59)	-	(59)
Transfer from (to) affiliates	606	(662)	-	56	-	-	-	-
Net assets released from restrictions, payment to beneficiaries	(1,557)	-	-	-	-	(1,557)	-	(1,557)
Change in net assets with donor restrictions	3,088	(584)	(42)	505	-	2,967	-	2,967
Change in net assets	9,273	(111)	17,011	7,126	45	33,344	(40)	33,304
Net Assets (Deficit), Beginning	41,346	8,408	(21,413)	52,667	999	82,007	(10,052)	71,955
Net Assets (Deficit), Ending	$ 50,619	$ 8,297	$ (4,402)	$ 59,793	$ 1,044	$ 115,351	$ (10,092)	$ 105,259

HumanGood Pennsylvania f/k/a Philadelphia Presbytery Homes, Inc. (Basic Financial Statements)
Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Cash Flows From Operating Activities		
Changes in net assets	$ 5,820	$ 9,273
Adjustments to reconcile changes in net assets provided by operating activities:		
Provision for bad debts	234	337
Depreciation and amortization expenses	11,060	10,297
Amortization of debt issuance costs	49	49
Accretion of bond premium	(186)	(186)
Amortization of entrance fees	(6,202)	(6,093)
Net realized and unrealized gain on investments	(10,268)	(11,395)
Proceeds from nonrebatable entrance fees from reoccupancy	4,874	5,139
Gains on sale of Broomall	(145)	(4,250)
Valuation losses, split-interest agreements and beneficial interest in perpetual trusts	(376)	(1,058)
Transfers from affiliate	-	(606)
Changes in assets and liabilities:		
Patient accounts receivable and other receivables	(1,005)	1,337
Prepaid expenses, deposits and other assets and other noncurrent assets	(201)	(234)
Accounts payable and accrued expenses	6	(572)
Intercompany	(221)	31
Other liabilities	(274)	153
Net cash provided by operating activities	3,165	2,222
Cash Flows From Investing Activities		
Acquisition of land, buildings and equipment	(34,717)	(13,670)
Proceeds from sale of Broomall	250	13,783
Net sales (purchases) of investments	4,094	(11,107)
Decrease in notes and other receivables, affiliates	1,091	988
Net cash used in investing activities	(29,282)	(10,006)
Cash Flows From Financing Activities		
Proceeds from rebatable entrance fees and deposits	2,097	10,766
Refunds of deposits and rebatable entrance fees	(6,909)	(4,983)
Proceeds from initial sales deposits and entrance fees	12,683	531
Repayments of long-term debt	(1,561)	(1,421)
Proceeds of construction loan payable	29,924	8,370
Payment of debt issuance costs	-	(709)
Net repayment of notes payable, affiliates	(548)	(520)
Proceeds from contributions restricted for long-term purposes	-	230
Payment of construction payable	(3,095)	(760)
Transfer from affiliate	-	606
Net cash provided by financing activities	32,591	12,110
Net increase in cash, cash equivalents and restricted cash and cash equivalents	6,474	4,326
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	21,817	17,491
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 28,291	$ 21,817
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amount capitalized	$ 3,988	$ 3,988
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment:		
Construction payable	$ 4,288	$ 3,095
Capital leases	-	92
Total	$ 4,288	$ 3,187
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheets		
Cash and cash equivalents	$ 5,167	$ 11,140
Restricted cash and cash equivalents	23,124	10,677
Total cash, cash equivalents and restricted cash and cash equivalents	$ 28,291	$ 21,817