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Phoebe-Devitt Homes and Affiliated Organizations

Consolidated Financial Statements
and Supplementary Information

June 30, 2020 and 2019

Independent Auditors' Report

To the Board of Directors of
Phoebe-Devitt Homes and Affiliated Organizations

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Phoebe-Devitt Homes and Affiliated Organizations (a not-for-profit corporation), which comprise the consolidated balance sheets as of June 30, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Phoebe-Devitt Homes and Affiliated Organizations as of June 30, 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.

Emphasis of Matters, Accounting Changes

As discussed in Note 2 to the consolidated financial statements, in 2020, Phoebe-Devitt Homes and Affiliated Organizations changed its accounting policy related to the accounting for investments. Our opinion is not modified with respect to this change.

In addition, as discussed in Note 2 to the consolidated financial statements, in 2020, Phoebe-Devitt Homes and Affiliated Organizations retrospectively adopted new accounting guidance on the presentation of amounts generally described as restricted cash and restricted cash equivalents in the consolidated statements of cash flows. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 44 through 47 and additional information on pages 48 through 52 are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities and are 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, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Lancaster, Pennsylvania
October 27, 2020

Phoebe-Devitt Homes and Affiliated Organizations

Consolidated Balance Sheets
June 30, 2020 and 2019
(In Thousands)

Assets	2020	2019
Current Assets		
Cash and cash equivalents	$ 5,811	$ 4,390
Resident and patient funds	450	418
Accounts receivable	13,188	12,846
Estate receivable	1,000	-
Prepaid expenses and other	3,631	3,561
Total current assets	24,080	21,215
Investments	54,381	53,255
Assets Whose Use is Limited	25,724	25,710
Statutory Minimum Liquid Reserve	3,682	3,571
Property and Equipment, Net	120,299	117,056
Other Assets		
Equity method investments	4,751	4,542
Other assets	180	179
Total other assets	4,931	4,721
Total assets	$ 233,097	$ 225,528

Liabilities and Net Assets	2020	2019
Current Liabilities		
Accounts payable	$ 7,460	$ 7,302
Margin loan	3,585	-
Accrued expenses	9,311	8,732
Deferred revenues, provider relief funds	3,312	-
Resident and patient funds	467	419
Current portion of long-term debt	4,726	4,635
Total current liabilities	28,861	21,088
Other Liabilities		
Long-term debt, net	70,198	70,633
Refundable entrance fees	38,430	37,849
Deferred revenues, entrance fees	17,342	16,078
Accrued pension liability	5,333	3,843
Charitable gift annuities	315	342
Workers' compensation reserve	588	713
Interest rate swaps	6,412	4,585
Other	4,498	2,644
Total other liabilities	143,116	136,687
Total liabilities	171,977	157,775
Net Assets		
Net assets without donor restrictions:		
Controlling interest	50,412	56,345
Noncontrolling interest	(3,105)	(2,621)
Total net assets without donor restrictions	47,307	53,724
Net assets with donor restrictions	13,813	14,029
Total net assets	61,120	67,753
Total liabilities and net assets	$ 233,097	$ 225,528

See notes to consolidated financial statements

Phoebe-Devitt Homes and Affiliated Organizations

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019 (As Adjusted)
Operating Revenues		
Net patient and resident service revenues	$ 121,028	$ 115,402
Amortization of entrance fees	2,559	2,327
Contributions	1,638	2,979
Change in value, charitable gift annuities	(19)	(32)
Investment income	1,712	1,999
Net realized gains on investments	955	1,665
Gain (loss) on disposal of property and equipment	63	(3)
Net assets released from restrictions for operations	622	648
Revenues from provider relief funds	1,900	-
Other revenues	1,005	1,006
Total operating revenues	131,463	125,991
Operating Expenses		
Salaries and wages	52,010	48,014
Employee benefits and other staff costs	14,078	12,482
Resident supplies	21,033	19,054
Contracted services	16,067	16,514
Other expenses	16,603	15,423
Interest	2,607	2,722
Depreciation	10,156	9,858
Amortization	277	248
Total operating expenses	132,831	124,315
Operating (loss) income	(1,368)	1,676
Net Unrealized Losses on Investments	(1,418)	(136)
Change in Fair Value of Interest Rate Swaps	(1,827)	(1,674)
Net Periodic Pension Cost, Nonoperating	(167)	(78)
Deficiency of operating revenues over expenses	(4,780)	(212)
Other Changes		
Pension-related changes other than net periodic pension costs	(1,709)	(1,200)
Net assets released from restrictions, capital	72	54
Total other changes	(1,637)	(1,146)
Change in net assets without donor restrictions	$ (6,417)	$ (1,358)

See notes to consolidated financial statements

Phoebe-Devitt Homes and Affiliated Organizations

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019 (As Adjusted)
Change in Net Assets Without Donor Restrictions	$ (6,417)	$ (1,358)
Change in Net Assets With Donor Restrictions		
Contributions	320	714
Investment income	176	244
Net unrealized (losses) gains on investments	(39)	139
Net realized gains (losses) on investments	90	(40)
Change in value of funds held in trust by others	(69)	19
Net assets released from restrictions	(694)	(702)
Change in net assets with donor restrictions	(216)	374
Change in net assets	(6,633)	(984)
Net Assets, Beginning	67,753	68,737
Net Assets, Ending	$ 61,120	$ 67,753

See notes to consolidated financial statements

Phoebe-Devitt Homes and Affiliated Organizations

Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019 (As Adjusted)
Cash Flows From Operating Activities		
Change in net assets	$ (6,633)	$ (984)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,156	9,858
Amortization	277	248
Provision for bad debts	2,575	1,668
Amortization of entrance fees	(2,559)	(2,327)
Proceeds from entrance fees	5,650	4,148
Restricted contributions	(320)	(714)
Net realized and unrealized losses (gains) and change in value of funds held in trust by others	481	(1,647)
(Gain) loss on disposal of property and equipment	(63)	3
Change in fair value of interest rate swaps	1,827	1,674
Net change in receivables, prepaids, accruals and other assets and liabilities	2,474	(1,814)
Net cash provided by operating activities	13,865	10,113
Cash Flows From Investing Activities		
Net (purchases) proceeds of investments and assets whose use is limited	(1,402)	1,576
Purchases of property and equipment	(13,336)	(20,313)
Net investment in equity method investments	(209)	(34)
Net cash used in investing activities	(14,947)	(18,771)
Cash Flows From Financing Activities		
Refunds of entrance fees	(5,914)	(6,684)
Proceeds from refundable entrance fees	5,463	4,271
Proceeds from issuance of long-term debt	3,640	12,552
Payment of long-term debt	(4,261)	(4,207)
Proceeds from margin loan	3,585	-
Restricted contributions	320	714
Deferred financing costs incurred	-	(270)
Net cash provided by financing activities	2,833	6,376
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	1,751	(2,282)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	8,881	11,163
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 10,632	$ 8,881
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheets		
Cash and cash equivalents	$ 5,811	$ 4,390
Cash, cash equivalents and restricted cash and cash equivalents included in assets whose use is limited	4,821	4,491
Total cash, cash equivalents and restricted cash and cash equivalents	$ 10,632	$ 8,881
Supplementary Disclosure of Cash Flows Information		
Interest paid, net of amount capitalized	$ 2,627	$ 2,699

Supplementary Schedule of Noncash Financing Activity

At June 30, 2020 and 2019, the Organization had note receivable agreements with residents for entrance fees in the amount of $611 and $1,406, respectively.

See notes to consolidated financial statements

1. Organization

Phoebe-Devitt Homes (the Organization) is the sole member of the following affiliates (all are not-for-profit organizations except for Phoebe Reciprocal Risk Retention Group):

Phoebe-Devitt Homes is located in Allentown, Pennsylvania, which exists to provide a continuum of residential, health and community support programs designed to meet the needs of seniors throughout Berks, Bucks, Lehigh, Montgomery and Northampton Counties in Pennsylvania. Phoebe-Devitt Homes does business as Phoebe Ministries.

Phoebe Home, Inc. is a continuing care retirement community located in Allentown, Pennsylvania, which provides services through independent living, personal care and skilled nursing services. Phoebe Home, Inc. does business as Phoebe Allentown.

Phoebe Services, Inc. is located in Allentown, Colmar and Lancaster, Pennsylvania, and provides services to related organizations, which include management, finance, billing and collections, information technology and communications, human resources, marketing, pastoral care and other centralized services. Phoebe Services, Inc. also provides pharmacy services to both related and unrelated organizations.

Phoebe Berks Health Care Center, Inc. is a continuing care retirement community located in Wernersville, Pennsylvania, which provides services through independent living, personal care, adult day services and skilled nursing services. Phoebe Berks Health Care Center, Inc. does business as Phoebe Berks.

Phoebe Richland Health Care Center is a continuing care retirement community located in Richlandtown, Pennsylvania, which provides services through independent living, personal care, and skilled nursing services. Phoebe Richland Health Care Center does business as Phoebe Richland and Chestnut Ridge at Rodale.

Wyncote Church Home is a continuing care retirement community located in Wyncote, Pennsylvania, which provides services through independent living, personal care and skilled nursing services. Wyncote Church Home does business as Phoebe Wyncote.

Phoebe Corporate and Community Based Services, Inc. (PCCBS) is a service corporation located in Allentown and Wernersville, Pennsylvania, which provides community based geriatric, rehabilitation, educational and consulting services. PCCBS does business as Phoebe Rehab Services, Phoebe Certified Nurse Practitioner Services and Pathstones by Phoebe.

Phoebe Reciprocal Risk Retention Group (PRRRG) is a for-profit corporation located in Charleston, South Carolina, which provides insurance coverage of Phoebe-Devitt Homes and related affiliates.

Phoebe Apartments, Inc. is located in Allentown, Pennsylvania, and provides low income housing to seniors.

Phoebe Housing, Inc. provides management support services to affiliated organizations.

Phoebe Housing, Inc. holds the following interests in several senior housing partnerships in which it serves as general partner and/or manager (Affordable Housing):

	Percent of Ownership
Franklin & Noble Manor Associates, LP	1 %
Furnace Creek Associates, LP	1
John F. Lutz Associates, LP	1
Senior Apartments at the Wyomissing Club Associates, LP	1
Weidner Manor Associates, LP	1
Wind Gap Manor Associates, LP	90
Devitt House, Inc. (a not-for-profit corporation)	-

Through December 31, 2019, Phoebe Housing, Inc. held a 1 percent interest in Wind Gap Manor Associates, LP. As of January 1, 2020, they increased their interest to 90 percent.

2. Summary of Significant Accounting Policies

Consolidation of Limited Partnerships

The Organization follows the accounting guidance in determining whether a general partner, or the general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. The guidance presumes that a general partner controls a limited partnership and, therefore, should consolidate the partnership. This presumption can be overcome if the limited partners have kick-out or substantive participating rights. Management determined that the seven senior housing partnerships listed above (Affordable Housing) should be consolidated. Change in net assets attributed to the noncontrolling interest totaled ($484) in 2020 and ($561) in 2019.

Principles of Consolidation

The consolidated financial statements have been prepared to focus on Phoebe-Devitt Homes and all controlled affiliated organizations as a whole. All material intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash, cash equivalents and restricted cash and cash equivalents includes cash on hand, the Organization's and its affiliates' operating cash accounts, money market accounts, certificates of deposit and investments in highly liquid debt instruments with original maturities of three months or less, including assets whose use is limited.

(In Thousands)

Accounts Receivable

Accounts receivable consists of Medicaid, Medicare, Private Pay and other contracted third-party payors. The Organization assesses the collectability prior to providing services. Accounts receivable are recorded net of explicit and implicit price concessions. Provision for these adjustments has been made as considered necessary. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. The allowance for doubtful accounts amounted to $6,247 and $4,359 as of June 30, 2020 and 2019, respectively.

Inventories

Pharmaceutical, medical, dining and other supplies are stated at replacement cost, which approximates net realizable value. Inventories are included with prepaid expenses and other on the consolidated balance sheets.

Assets Whose Use is Limited, Investments and Investment Risk

Assets designated by the Board of Directors, assets whose use is restricted by donor stipulation, assets of residents and patients required to be deposited in escrow, assets deposited with a trustee under terms of the bond indenture and other reserves are classified as assets whose use is limited.

The Organization's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with 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 in the consolidated balance sheets could change materially in the near term.

In 2020, the Organization was required to adopt the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-01, which requires equity investments to be measured at fair value with changes in fair value recognized in the performance indicator. The Organization manages their investments and assets whose use is limited under one investment policy and as one portfolio, and accordingly, elected in 2020 to also change their accounting policy for all securities, as this is representative of the manner in which the investments and assets whose use is limited are managed, by electing to adopt the fair value option for all financial assets included within investments and assets whose use is limited. That election requires, including changes in the unrealized gains and losses for those financial assets in the performance indicator and is irrevocable. In accordance with generally accepted accounting principles, this change has been applied retrospectively to the financial statements. Prior to this change and the adoption of ASU No. 2016-01, the Organization had reported the change in unrealized gains and losses on investments and assets whose use is limited outside of the performance indicator. There was no effect on net assets of the consolidated balance sheets as a result as a result of the change. The following line items on the consolidated statements of operations and changes in net assets for the year ended June 20, 2019 were affected by the changes in accounting principle:

	As Previously Reported	As Adjusted	Effect of Change
Net unrealized losses on investments	$ -	$ (136)	$ (136)
Deficiency of operating revenues over expenses	(76)	(212)	(136)
Other changes			
Net unrealized losses on investments	(136)	-	136
Total other changes	(1,282)	(1,146)	136

Investments are presented at market value which is determined using quoted market prices of a national exchange, except for alternative investments which are valued at net asset value (NAV) per share. Investment income or loss (including realized gains or losses on investments, interest and dividends, and unrealized gains and losses) is included in operating (loss) income unless the income or loss is restricted by donor or law. Contributed investments are initially valued at the quoted fair value on the date received, which is then treated as cost.

Funds Held in Trust by Others

The Organization has been named as a beneficiary of a number of trusts which are administered and controlled by independent trustees. The trusts are recorded as contribution revenue when the beneficiaries are notified of the trust's existence. The beneficiaries receive the earnings from these trusts whose principal is to be held in perpetuity. The earnings from the trusts are recorded as investment income.

Funds held in trust by others are valued at the fair value of the underlying investments. The change in the fair value of funds held in trust by others is reported as a change in net assets with donor restrictions.

Equity Method Investments

The Organization owns a 1.1 percent limited partnership interest in Health Network Laboratories, LLP. The value is $3,870 and $3,664 as of June 30, 2020 and 2019, respectively. The Organization also owns a 30 percent interest in Comforting Home Care, Inc. The value is $881 and $878 as of June 30, 2020 and 2019, respectively. The investments are valued using the equity method of accounting. Dividends are recorded through investment income as received.

Property and Equipment

Property and equipment are recorded at cost. The Organization's policy is to capitalize all property and equipment at cost in excess of $500 (in hundreds) as required by Nursing Facility Services cost report guidelines. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs of property and equipment are charged to operations and major renewals are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of operations and changes in net assets.

Deferred Financing Costs

Deferred financing costs are presented as a direct reduction of long-term debt and are being amortized using the straight-line method over the term of the bonds and mortgages, which approximates effective interest method.

Resident and Patient Funds

Security deposits paid in advance to cover possible costs when residents vacate their living units are accounted for as a liability and taken into income only if earned upon termination of an agreement. This liability also includes nursing home patients' funds held in the safekeeping of the Organization for the patients' personal use.

Entrance Agreement Contracts

Entrance fees paid by residents of the Organization's independent living units, including certain cottages and apartments, are recorded as deferred revenues, entrance fees and refundable entrance fees. A resident, upon termination of occupancy, may be entitled to receive a refund of a portion of the entrance fee pursuant to the terms of the contract which is required to be paid only upon the subsequent receipt of an entrance fee and move-in by a new resident for that independent living unit.

The nonrefundable portion of entrance fees as stated in each contract is deferred and amortized to revenue over the estimated life expectancy of each resident and is classified as deferred revenues, entrance fees in the consolidated balance sheets. The guaranteed refundable liability component is not amortized to revenue and is classified as refundable entrance fees in the consolidated balance sheets.

The amount of entrance fees which is refundable to residents as of June 30, 2020 and 2019 under contractual refund provisions was approximately $41,493 and $40,528, respectively.

Estimated Obligation to Provide Future Services

The Organization annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenues, entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenues, entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. There was no estimated obligation as of June 30, 2020 and 2019.

Net Assets and Donor Restrictions

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.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Contributions with donor restricts whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the consolidated statements of operations and changes in net assets.

Statutory Reserve Requirements

The Continuing Care Provider Registration and Disclosure Act requires a statutory reserve equivalent to the greater of the total of debt service payments due during the next 12 months on account of any loan or long-term financing, or 10 percent of the projected annual operating expenses of the facility exclusive of depreciation and amortization. The reserve is computed on only the proportional share of financing or operating expenses that are applicable to continuing care agreements. This statutory reserve requirement for June 30, 2020 in the amount of $693, $2,713, $191, $18 and $67 for Phoebe Home, Inc., Phoebe Berks Health Care Center, Inc., Wyncote Church Home, Phoebe Richland Health Care Center and Pathstones by Phoebe, respectively, is separately stated on the consolidating balance sheets.

Net Patient and Resident Service Revenues

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

Net patient and resident service revenues are primarily comprised of the following revenue streams:

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

Personal care: Personal care revenues are primarily derived from providing housing and personal care services to residents at a stated daily fee. The Organization has determined that the services are considered one performance obligation which is satisfied over time as services are provided. Therefore, personal care revenues are recognized on daily basis as services are rendered.

Independent living: Independent living revenues are primarily derived from providing housing and services to residents. The Organization 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, independent living monthly fees are recognized on a month-to-month basis.

Pharmacy: Pharmacy revenues primarily include institutional sales of prescription drug sales and revenues are recognized at the time a customer takes possession of the prescription drugs, or when products or services are rendered or provided to the customer.

Other resident revenues: Other resident revenues consist of affordable housing revenues derived from monthly resident rent charges including subsidy payments from U.S. Department of Housing and Urban Development (HUD), Rural Development (RD), and Pennsylvania Housing Finance Agency (PHFA), therapy services, other services such as housekeeping, laundry, transportation, medical supplies and other revenues from residents. The Organization has determined that other resident services revenues are considered one performance obligation which is satisfied over time as services are provided. Therefore, other resident services revenues are recognized on a daily basis as services are rendered.

Revenues from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents residing in independent living 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 deferred revenues, entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees was $2,559 in 2020 and $2,327 in 2019 and is stated separately on the consolidated statements of operations and changes in net assets.

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

The Organization receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Performance Indicator

The consolidated statements of operations and changes in net assets includes a performance indicator of operations labeled "Deficiency of operating revenues over expenses." Changes in net assets without donor restrictions which are excluded from this measure include pension-related changes other than net periodic pension cost and net assets released from restrictions, capital.

Operating (Loss) Income

The consolidated statements of operations and changes in net assets includes an intermediate measure of operations labeled "operating (loss) income." The changes in the performance indicator which are excluded from this intermediate measure the change in fair value of interest rate swaps, net periodic pension costs, nonoperating and net unrealized losses on investments.

Derivatives

The Organization follows the guidance for accounting for derivative instruments and hedging activities by not-for-profit organizations, and clarification of the performance indicator. The Organization chose not to elect hedge accounting for its derivative instruments and does not utilize its interest rate swap agreements for trading or other speculative purposes. Therefore, variations in fair value are marked-to-market within the performance indicator.

Uncompensated Care

The Organization maintains records to identify and monitor the level of uncompensated care it provides. The estimated costs of providing uncompensated care are based upon the direct and indirect costs identified with the specific uncompensated care services provided.

The Organization and its affiliates provided charity care, subsidies and other support of those in need to many of the programs and individuals it serves. Uncompensated care costs included in the consolidated statements of operations and changes in net assets totaled $14,030 and $11,991 in 2020 and 2019, respectively, including services provided to Medicaid residents whose costs exceeded Medicaid reimbursement. The Organization received $50 and $149 in donor purpose restricted contributions in 2020 and 2019, respectively, and $3 in donor-restricted contributions to be held in perpetuity for uncompensated care during 2019.

Income Taxes

The Organization and its affiliates, exclusive of PRRRG and the senior housing partnerships listed on page 8, have been recognized by the Internal Revenue Service as not-for-profit organizations as described in Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 509(a) of the IRC.

Revenues From Provider Relief Funds and Deferred Revenues, Provider Relief Funds

Revenues from provider relief funds include amounts received from federal and state funding sources related to the COVID-19 pandemic. The Organization accounts for this funding in accordance with the FASB Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are recognized when barriers are substantially met.

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 $3,724 in 2020 related to this funding. Additionally, the Organization received $1,488 of CARES funding on July 1, 2020 that was passed through the State of Pennsylvania Department of Human Services under Act 24 of 2020 which is included in accounts receivable on the June 30, 2020 consolidated balance sheet.

In accordance with the original terms and conditions, the Organization could apply the funding against lost revenues and eligible expenses. Noncompliance with the terms and conditions could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Health and Human Services (HHS) has indicated Relief Fund payments are subject to future reporting and audit requirements, and subsequent to June 30, 2020, HHS released updated guidance on the reporting and use of the funds. The substantive changes in the updated guidance are that the Organization needs to apply the funds to eligible expenses before lost revenues, and the reporting period for determination of eligible amounts is set at a calendar year keeping the measurement period open until then. Accordingly, there is a reasonable possibility these changes could result in claw-back or reversal of amounts previously recognized. The Organization is assessing the impact of the updated guidance on its consolidated financial statements and whether amounts recognized in the year ended June 30, 2020 could change or become repayable in subsequent periods; however, an estimate of the possible financial effect 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.

The Organization has incurred lost revenues in accordance with the original terms and conditions of the Provider Relief Fund as of June 30, 2020 of $1,900 which were recognized and included in revenues from provider relief funds in the accompanying consolidated statement of operations and changes in net assets for the year ended June 30, 2020.

Deferred revenues, provider relief funds includes deferred revenues related to payments received of $3,312 from the CARES Act Provider Relief Fund which the Organization has determined the recognition criteria has not yet been met as of year-end. The Organization has recognized the funding received through June 30, 2020 based on lost revenues incurred in accordance with the original terms and conditions of the funding.

In August 2020, the Organization received an additional $1,078 in funding from the Provider Relief Fund for COVID-19 testing.

(In Thousands)

New Accounting Standards

During 2020, the Organization adopted the FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization has adjusted the presentation of these consolidated financial statements accordingly. ASU No. 2016-18 has been applied retrospectively to all periods presented.

As a result of the adoption of ASU No. 2016-18, the consolidated statement of cash flows of the Organization for the year ended June 30, 2019 were restated as follows:

	After Adoption of ASU No. 2016-18	As Originally Presented
Net proceeds of investments and assets whose use is limited	$ 1,576	$ 1,734
Net cash used in investing activities	(18,771)	(18,613)
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(2,282)	-
Cash, cash equivalents and restricted cash and cash equivalents, beginning	11,163	-
Cash, cash equivalents and restricted cash and cash equivalents, ending	8,881	-
Net decrease in cash and cash equivalents	-	(2,124)
Cash and cash equivalents, beginning	-	6,514
Cash and cash equivalents, ending	-	4,390

During February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Organization's leasing activities. The Organization will be required to retrospectively adopt the guidance in ASU No. 2016-02 its fiscal year ending June 30, 2021. The Organization is currently assessing the impact that ASU No. 2016-02 will have on its consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through October 27, 2020, which is the date the consolidated financial statements were issued.

3. Fair Value Measurements, Investments and Other Financial Instruments

Fair Value Measurements

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

(In Thousands)

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs.

The following tables present financial instruments measured at fair value at June 30, 2020 and 2019, by caption on the consolidated balance sheets:

	June 30, 2020			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Reported at Fair Value				
Assets				
Investments:				
Equity securities:				
Common stock:				
Consumer discretionary	$ 971	$ 971	$ -	$ -
Consumer staples	713	713	-	-
Energy	182	182	-	-
Financials	1,233	1,233	-	-
Healthcare	1,346	1,346	-	-
Industrials	986	986	-	-
Information technology	2,813	2,813	-	-
International mutual funds	100	100	-	-
Materials	536	536	-	-
Real estate	535	535	-	-
Telecommunication	1,071	1,071	-	-
Utilities	91	91	-	-
Mutual funds	6,027	6,027	-	-
Exchange traded funds	18,895	18,895	-	-
Other	328	328	-	-
Fixed income:				
Government obligations	2,379	-	2,379	-
Mortgage backed securities	26	-	26	-
Corporate obligations	3,990	-	3,990	-
International mutual funds	22	22	-	-
Mutual funds	848	848	-	-
CDs/equivalents	38	38	-	-
Other fixed income securities	1,087	1,087	-	-
Other investments	57	57	-	-
Total investments in the fair value hierarchy	44,274	37,879	6,395	-
Alternative investments reported at net asset value	10,107			
Total investments	54,381			

(In Thousands)

Description	June 30, 2020 Total	Level 1	Level 2	Level 3
Assets whose use is limited:				
Cash/money market accounts **	$ 4,821			
Equity securities:				
Common stock:				
Consumer discretionary	472	$ 472	$ -	$ -
Consumer staples	304	304	-	-
Energy	97	97	-	-
Financials	388	388	-	-
Healthcare	688	688	-	-
Industrials	419	419	-	-
Information technology	1,393	1,393	-	-
Materials	87	87	-	-
Real estate	9	9	-	-
Telecommunication services	432	432	-	-
Mutual funds	4,522	4,522	-	-
Other	194	194	-	-
Fixed income:				
Government obligations	1,908	-	1,908	-
Corporate obligations	3,314	-	3,314	-
Mutual funds	796	796	-	-
CD's/equivalents	839	839	-	-
Other investments, at cost	18	18	-	-
Funds held in trust by others	5,023	-	-	5,023
Total assets whose use is limited	25,724	10,658	5,222	5,023
Statutory Minimum Liquid Reserve:				
Cash/money market accounts **	3,052			
Equity securities	630	630	-	-
Total statutory minimum liquid reserve	3,682	630	-	-
Total assets	$ 83,787	$ 49,167	$ 11,617	$ 5,023
Liabilities				
Interest rate swaps	$ 6,412	$ -	$ 6,412	$ -

** - Cash/money market accounts are presented in the above tables to reconcile the assets whose use is limited and statutory minimum liquid reserve to the consolidated balance sheets.

(In Thousands)

Description	June 30, 2019 Total	Level 1	Level 2	Level 3
Reported at Fair Value				
Assets				
Investments:				
Equity securities:				
Common stock:				
Consumer discretionary	$ 1,396	$ 1,396	$ -	$ -
Consumer staples	1,300	1,300	-	-
Energy	443	443	-	-
Financials	2,129	2,129	-	-
Healthcare	1,805	1,805	-	-
Industrials	1,773	1,773	-	-
Information technology	2,859	2,859	-	-
Materials	889	889	-	-
Real estate	22	22	-	-
Telecommunication	845	845	-	-
Utilities	174	174	-	-
Mutual funds	3,673	3,673	-	-
Exchange traded funds	16,161	16,161	-	-
Other	621	621	-	-
Fixed income:				
Government obligations	3,507	-	3,507	-
Mortgage backed securities	171	-	171	-
Corporate obligations	3,265	-	3,265	-
Mutual funds	2,357	2,357	-	-
CDs/equivalents	96	96	-	-
Other fixed income securities	27	27	-	-
Other investments	84	84	-	-
Total investments in the fair value hierarchy	43,597	36,654	6,943	-
Alternative investments reported at net asset value	9,658			
Total investments	53,255			

(In Thousands)

Description	June 30, 2019 Total	Level 1	Level 2	Level 3
Assets whose use is limited:				
Cash/money market accounts **	$ 4,491			
Equity securities:				
Common stock:				
Consumer discretionary	683	$ 683	$ -	$ -
Consumer staples	392	392	-	-
Energy	6	6	-	-
Financials	587	587	-	-
Healthcare	748	748	-	-
Industrials	643	643	-	-
Information technology	1,250	1,250	-	-
Materials	158	158	-	-
Telecommunication services	438	438	-	-
Mutual funds	4,014	4,014	-	-
Other	548	548	-	-
Fixed income:				
Government obligations	2,115	-	2,115	-
Corporate obligations	2,875	-	2,875	-
Mutual funds	830	830	-	-
CD's/equivalents	747	747	-	-
Other investments, at cost	93	93	-	-
Funds held in trust by others	5,092	-	-	5,092
Total assets whose use is limited	25,710	11,137	4,990	5,092
Statutory Minimum Liquid Reserve:				
Cash/money market accounts **	1,153			
Equity securities	2,418	2,418	-	-
Total statutory minimum liquid reserve	3,571	2,418	-	-
Total assets	$ 82,536	$ 50,209	$ 11,933	$ 5,092
Liabilities				
Interest rate swaps	$ 4,585	$ -	$ 4,585	$ -

** - Cash/money market accounts are presented in the above tables to reconcile the assets whose use is limited and statutory minimum liquid reserve to the consolidated balance sheets.

The equity method investments in Health Network Laboratories, LLP and Comforting Home Care, Inc. as described in Note 2 with values of $4,751 and $4,542 as of June 30, 2020 and 2019, respectively, have been excluded from the fair value tables.

(In Thousands)

The composition of assets whose use is limited and investments as of June 30, 2020 and 2019 is set forth in the following table:

	2020	2019
By Board for continuing operations	$ 52,123	$ 50,740
By Board for charitable gift annuity program	673	895
By Board for charitable care	4,972	4,889
By Board for endowment purposes	4,516	4,399
Assets held in trust for residents and patients	322	333
Self-insured reserves	4,896	4,681
By HUD/Affordable Housing	1,752	1,882
Assets held by trustees, under bond indenture	935	949
By donors for restricted purposes	13,598	13,768
Total assets whose use is limited and investments	$ 83,787	$ 82,536

A summary of assets whose use is limited and investments as of June 30, 2020 and 2019 is set forth in the following table:

	2020	2019
Cash/money market accounts	$ 7,872	$ 5,644
Equity securities	45,462	45,975
Fixed income	15,247	15,990
Alternative investments	10,107	9,658
Other assets	49	76
Contributions receivable	19	93
Funds held in trust by others	5,023	5,092
CSV, life insurance	8	8
	$ 83,787	$ 82,536

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Organization's funds held in trust by others.

	2020	2019
Beginning balance	$ 5,092	$ 4,989
Contributions	-	84
Change in value	(69)	19
Ending balance	$ 5,023	$ 5,092

The contributions of $84 are included in change in net assets with donor restrictions at June 30, 2019 and the change in value of ($69) and $19 is included in the change in net assets with donor restrictions at June 30, 2020 and 2019, respectively.

Derivatives

The Obligated Group described in Note 6 entered into four interest rate swap agreements (the Agreements) to manage the variable rate interest payments due on its long-term debt (Note 6). The Agreements on the 2008 Bonds, 2012 Bonds (two agreements) and 2014 Bonds expire in May 2028, May 2022 and April 2024, respectively. The 2008 agreement is a weekly measurement process comparing the swap rate of 3.29 percent (notional amount of $27,105) with an index rate based on 70 percent of LIBOR (London Inter Bank Offered Rate). The 2012 agreements are a monthly measurement process comparing the swap rates of 1.06 percent (notional amount of $2,865) and 1.09 percent (notional amount of $1,005) with an index rate based on 73 percent of LIBOR. The 2014 agreement is a monthly measurement process comparing the swap rate of 2.24 percent (notional amount of $12,436) with an index rate based on 70 percent of LIBOR. Payments to or from the counterparty are classified as a component of interest expense. Changes in the fair value of the Agreements are included in deficiency of operating revenues over expenses since the Agreements are not designated as hedging instruments. As of June 30, 2020 and 2019, the 2008 interest rate swap is recorded as a liability of $5,380 and $3,975, respectively, the 2012 interest rate swaps are recorded as a liability of $35 and an asset of $17, respectively, and the 2014 interest rate swap is recorded as a liability of $997 and $627, respectively. The change in the fair value of the Agreements is classified as change in fair value of interest rate swaps in the consolidated statements of operations and changes in net assets and was ($1,827) in 2020 and ($1,674) in 2019.

Margin Loan

The Organization has a margin loan with Morgan Stanley which is secured by a portion of the Wyncote investments. The outstanding balance was $3,585 at June 30, 2020 and bears interest at a variable rate (5.88 percent at June 30, 2020).The margin loan is due on demand.

Valuation Methodologies

Investments, assets whose use is limited and statutory minimum liquid reserves are valued at fair value based on quoted market prices in active markets for common stock, mutual funds and CDs/equivalents, and are estimated using quoted prices for similar securities for government and corporate obligations and mortgaged backed securities.

The fair value of the funds held in trust by others was determined based on the Organization's interest in the fair value of the underlying assets, which approximate the present value of the future distributions expected to be received.

The Organization measures its interest rate swap agreements at fair value based on proprietary models of third parties. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments, and considers the credit risk of the Organization. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Organization would pay or receive to terminate the agreements.

Investments in the accompanying consolidated balance sheets include approximately $10,107 and $9,658 of alternative investments funds (the Funds) at June 30, 2020 and 2019, respectively. The Funds are measured using the NAV per share practical expedient. The Organization's alternative investments funds are generally structured such that the Organization holds a limited partnership interest or an interest in an investment management company. The Organization's ownership structure does not provide for control over the related investees, and the Organization's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. The Organization may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. Financial information used by the Organization to evaluate the Funds is provided by the investment manager or general partner, and includes fair value valuations of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the Funds are audited annually by independent auditors, although the timing of reporting the results of the audits does not coincide with the Organization's annual consolidated financial statement reporting. There is uncertainty in the accounting for the Funds arising from factors such as a lack of active markets, lack of transparency in underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates of fair value will change in the near term.

The following represents each of the alternative investment fund's objectives and redemption restrictions:

HP Millennium International Fund, Ltd.: This fund's strategy is global and highly diversified, with a focus on investment strategies that exploit market inefficiencies to produce absolute return with low correlation to global capital markets. The underlying manager seeks to deliver absolute returns with relatively low volatility by focusing on a high level of diversification, tight control of directional market exposures and a risk management framework that can result in a high level of liquidity and systematic movement of capital based on real-time trading profit and losses. The underlying manager believes that alpha is best achieved by trading professionals that are narrowly focused to maximize expertise, and combined on a platform that provides trading and operational economies of scale. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $962 and $929, respectively. The Organization can redeem their investment in this fund on a quarterly basis with 95 days written notice. There were no unfunded commitments related to this fund at June 30, 2020.

Golden Tree Offshore Fund, Ltd. - Class C: This fund's principal investment objective is to achieve superior risk-adjusted total returns by investing, directly or indirectly through its investment in the Master Fund, primarily in public and private noninvestment grade and nonrated debt securities. Securities and other instruments acquired by the Fund may include, but are not limited to, all types of debt obligations, including bank debt, public and private equity, options, swaps and real estate related instruments. The fund may acquire the foregoing instruments through the Master Fund, directly, or indirectly through investments in securitizations, structured financings, special purpose vehicles or other collective investment vehicles, some of which may be managed by the investment manager or its affiliates. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $1,033 and $1,088, respectively. The Organization can redeem their investment in this fund on a quarterly basis with 90 days written notice. There were no unfunded commitments related to this fund at June 30, 2020.

Hamilton Lane Private Markets Opportunity Feeder Fund (Fund-of-Fund Series) LP: This fund will utilize multiple investment strategies, vintage years and geographies across primary fund investments, secondaries and co-investments. Customized Series offered under this structure by Hamilton Lane will generally focus on small and mid-sized private equity funds, while seeking J-curve mitigation through investments in secondaries, delayed primaries and credit investments and allocations will vary based on individual Series. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $3,053 and $2,403, respectively. The unfunded commitments related to this fund at June 30, 2020 were $2,296.

AIP Private Equity Co-Investment Opportunities Fund I LP: This fund is targeting to invest in 20 to 30 direct co-investment opportunities alongside select private equity sponsors in buyout and growth companies across North America and Europe. PE CO-Inv OPP I is expected to be invested over the course of a two-year investment period and will target a funded ratio of 85 percent to enable deal sourcing via "stapled" primary positions made directly by the fund in connection with specific co-investments. In addition to deal flow secured through the fund's primary commitments, the fund is also well-positioned to benefit from "overflow" co-investment deal activity arising from AIP's extensive network of private equity primary relationships. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $673 and $401, respectively. The unfunded commitments related to this fund at June 30, 2020 were $428.

Tortoise MLP & Pipeline Fund: This fund seeks to invest in primarily North American midstream energy infrastructure through a portfolio of higher quality energy MLPs and C-corp. pipeline companies that exhibit prospects for growth. The fund is limited to a 25 percent maximum allocation to MLP securities, and is not subject to corporate-level taxes. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $711 and $1,106, respectively. There were no unfunded commitments related to this fund at June 30, 2020.

Pointer Offshore LTD: The fund's investment objective is to achieve capital appreciation through a balanced level of risk primarily by allocating assets to a select number of fundamental long/short equity and credit-focused managers. The funds seek to achieve balance between risk and return in two primary ways: (1) employment of a select group of managers so as to decrease the fund's exposure to any single manager and (2) employment of managers who utilize diverse strategies/exposures and hedging in their own individual funds. Diversification and hedging on the part of each of the funds' individual managers are intended to help generate positive overall returns even under adverse market conditions, although there is no assurance that this will be the case, or that the fund's investment objectives will be achieved. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $2,128 and $2,007, respectively. There were no unfunded commitments related to this fund at June 30, 2020.

Goldman Sachs MLP Infrastructure Fund: This fund seeks to provide investors with exposure to the U.S. energy independence theme. Improving technology and a growing demand for new energy sources has resulted in a renaissance for the U.S. economy. As of June 30, 2020 and 2019, the NAV of the Organization's investment in this fund is $278 and $494, respectively. There were no unfunded commitments related to this fund at June 30, 2020.

Blackstone Real Estate Investment Trust (REIT): The fund is a nonexchange traded, perpetual life REIT focused on investing primarily in stabilized commercial real estate properties diversified by sector with a focus on providing current income to investors. The portfolio targets at least 80 percent to properties and up to 20 percent to real estate debt securities, cash and/or cash equivalents. As of June 30, 2020 and 2019, the fair value of the Organization's investment in this fund is $956 and $1,000, respectively. There were no unfunded commitments related to this fund at June 30, 2020.

Pantheon Infrastructure Offshore Fund: The Fund seeks to generate attractive returns over the long term through an opportunistic program of global secondaries and co-investments focused on infrastructure. As of June 30, 2020 and 2019, the fair value of the Organization's investment in this fund is $313 and $230, respectively. The unfunded commitments related to this fund at June 30, 2020 were $740.

(In Thousands)

4. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditure within one year at June 30, 2020 and 2019. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of: assets held in trust for residents and patients, self-insurance reserves, assets restricted by HUD/Affordable Housing, assets held by trustees, under bond indenture and assets restricted by donors.

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 5,811	$ 4,390
Accounts receivable	13,188	12,846
Estate receivable	1,000	-
Investments	54,381	53,255
Assets whose use is limited	25,724	25,710
Total financial assets	100,104	96,201
Less those unavailable for general expenditure within one year:		
Assets held in trust for residents and patients	(322)	(333)
Self-insured reserves	(4,896)	(4,681)
Assets restricted by HUD/Affordable Housing	(1,752)	(1,882)
Assets held by trustees, under bond indenture	(935)	(949)
Assets restricted by donors	(13,598)	(13,768)
Alternative investments with liquidity greater than 1 year	(4,039)	(3,034)
	$ 74,562	$ 71,554

The Organization has certain Board-designated assets limited to use 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 Organization has other assets limited to use for debt service and other regulatory requirements. As stated in Note 2, the Organization designated a portion of its investments as a statutory minimum liquid reserve to comply with the requirements of Act 82 and thus they are not included in the schedule above. Although the Organization 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 separately classified in the consolidated balance sheets and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. These funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

(In Thousands)

5. Property and Equipment

Property and equipment and accumulated depreciation at June 30, 2020 and 2019 is summarized as follows:

	2020	2019	Depreciable Lives
Land and improvements	$ 10,719	$ 10,577	0-20 years
Buildings and improvements	203,081	198,531	5-50 years
Furniture and equipment	32,785	31,344	3-20 years
Construction in progress	20,785	13,626	
	267,370	254,078	
Less accumulated depreciation	(147,071)	(137,022)	
	$ 120,299	$ 117,056	

Construction in progress as of June 30, 2020 consists primarily of $13,905 of costs related to the purchase of the land and building for further development at Chestnut Ridge at Rodale. There are no construction commitments in place as of June 30, 2020. Construction in progress also consists of $6,262 of costs related to a repositioning project at the Phoebe Berks campus. Outstanding guaranteed maximum construction contracts exist on the construction at the Phoebe Berks campus totaling approximately $6,432. There is expected to be an additional $1,243 of costs to complete the project at June 30, 2020. Interest capitalized as part of both projects was $359 and $299 during the years ended June 30, 2020 and 2019, respectively.

6. Long-Term Debt

Long-term debt at June 30, 2020 and 2019 consist of the following with all installment payments at actual amounts:

	2020	2019
Affordable Housing:		
Senior Apartments at the Wyomissing Club Associates, LP		
Citizens Bank mortgage payable, due in monthly installments of $3,308. The loan was fully paid off in December 2019.	$ -	$ 17
Fulton Bank mortgage payable, due in monthly installments of $3,187. The loan was fully paid off in November 2019.	-	16
City of Reading mortgage note payable, due in semi-annual installments of $14,607, including interest at 5.886% to November 2022. The note is due earlier than November 2022 if the project is sold.	249	249
City of Reading mortgage note payable to Community Development Block Grant (CDBG), interest accrued and capitalized at 5.30% per annum through July 2028, with all principal and accrued interest due July 2028. The note is due earlier than July 2028 if the project is sold.	1,462	1,388

(In Thousands)

	2020	2019
City of Reading mortgage note payable (Rehab Program), interest accrued and capitalized at 6.00% per annum through July 2028, with all principal and accrued interest due July 2028. The note is due earlier than July 2028 if the project is sold.	$ 466	$ 440
City of Reading mortgage note payable to HOME Investment Partnership Program (HOME), interest accrued and capitalized at 6.00% per annum. Annual payments of $5,000 are due through July 2028. The note is due earlier than July 2028 if the project is sold.	1,318	1,246
Furnace Creek Associates, LP		
6.75% mortgage payable to Rural Development (RD) in monthly installments of $6,890, including interest, through February 2046. The monthly payments include an interest subsidy of $4,382 that effectively reduces the interest rate to 1.00%.	1,006	1,020
1.00% second mortgage payable to Berks Housing Opportunities One, Inc., monthly payments of $1,514, including interest at 1.00% through December 2025. The note is due earlier than December 2025 if the project is sold.	97	114
1.00% third mortgage payable to Berks County, monthly payments of $539, including interest at 1.00% through December 2025. The note is due earlier than December 2025 if the project is sold.	35	41
1.00% fourth mortgage payable to Berks Community Action Program. Interest accrues annually, payments of principal and interest deferred until December 31, 2025; thereafter, monthly payments of $625, including interest at 1.00% through December 2045. This note is due earlier than December 2045 if the project is sold.	129	127
0.00% developer fee note. Potential loan payments will be determined on an annual basis if sufficient cash flow exists.	115	115
Weidner Manor Associates, LP		
Fulton Bank development note payable, due in monthly installments of $1,960, interest rate is 1.00% above the bank's prime rate, which was 6.50% as of June 30, 2019. The loan was fully paid off in November 2019.	-	3
Fulton Bank mortgage note payable to Federal Home Loan Bank Affordable Housing Program (FHLB AHP), noninterest bearing, due upon any default on development note above.	85	85
Berks Community Action Program mortgage note payable to Neighborhood Assistance Program (NAP), monthly payments of $2,457 (subject to available cash flows), including interest at 1.00% through October 2023. The note is due earlier than October 2023 if the project is sold.	300	297
Amity-Berks Development Company (Amity-Berks) mortgage note payable, monthly payments of $1,547 (subject to available cash flows), including interest at 1.00% through October 2023. The note is due earlier than October 2023 if the project is sold.	94	93

(In Thousands)

	2020	2019
Berks County mortgage note payable to Pennsylvania Housing Finance Agency (PHFA), monthly payments of $2,077 (subject to available cash flows), including interest at 1.00% through October 2023. The note is due earlier than October 2023 if the project is sold.	$ 253	$ 251
Berks County mortgage note payable to HOME, monthly payments of $3,204 (subject to available cash flow), including interest at 1.00% through October 2023. The note is due earlier than October 2023 if the project is sold.	391	387
Wind Gap Manor Associates, LP		
First mortgage payable to PHFA. The mortgage is noninterest bearing. Payment of principal is deferred during the initial 30 years of project operation beginning November 1999. However, principal payments shall be due and payable from excess of revenues over expenses during any calendar year. 50% of excess revenue shall be used to repay principal and 50% shall be used as return on equity as limited by agency guidelines. In the event the project is sold or refinanced by the partnership, the note becomes due. Any unpaid principal is due November 2029.	633	669
Second mortgage payable to Lafayette Bank, using funds from the FHLB AHP. This mortgage is noninterest bearing. Principal payments will never be due unless the Partnership defaults on leasing units to low income senior citizens.	104	104
Franklin & Noble Manor Associates, LP		
1.00% second mortgage payable to Berks County, monthly payments of $5,420, including interest at 3.00% through December 2026.	379	432
1.00% third mortgage payable to Berks Housing Opportunities, Inc., monthly payments of $840, including interest at 3.00% through December 2026.	60	68
0.00% mortgage payable to the County of Berks, payments of principal deferred until 2034.	250	250
Fourth mortgage payable to Berks Community Action Program, Inc., no interest shall accrue or be payable. Payment of principal deferred until January 2028.	54	54
Devitt House, Inc.		
8.75% mortgage payable to RD in monthly installments of $10,586, including interest, through August 2041. The monthly payments include an interest subsidy of $7,550 that effectively reduces the interest rate to 1.00%.	1,210	1,231
John F. Lutz Associates, LP		
Note payable to PHFA payable in monthly payments of $999, including interest at 5.90%, secured by a primary mortgage, a security agreement on other assets and an assignment on all income under leases of the property. The note is scheduled to mature January 2022.	18	29

(In Thousands)

	2020	2019
Note payable to PHFA with no interest. Principal payments shall be due and payable from excess of revenues over expenses during any calendar year. 50% of excess revenue shall be used to repay principal and 50% shall be used as return on equity as limited by agency guidelines. In the event the project is sold or refinanced by the partnership, the note becomes due. The note is secured by a secondary position mortgage, a security agreement on other assets and an assignment of all income under leases of the property.	$ 150	$ 167
Note payable to Berks Housing Opportunities, Inc. with no interest or principal payments due through June 2021, at which time all amounts owing are due in equal monthly payments of principal plus interest at 1.00% to June 2036. During the period from June 1995 to June 2021, 1.00% interest will accrue and be added to the principal balance of the note on the anniversary date of the funding date. In the event that this project is sold or refinanced by the partnership, the note becomes due. The note is secured by a subordinate mortgage on the property, a security agreement on other assets and an assignment of all income under leases of the property.	247	245
Note payable to Berks Community Action Program with no interest or principal payments due through June 2021, at which time all amounts owing are due in equal monthly payments of principal plus interest at 1.00% to June 2036. During the period from June 1995 to June 2021, 1.00% interest will accrue and be added to the principal balance of the note on the anniversary date of the funding date. In the event that this project is sold or refinanced by the partnership, the note becomes due. The note is secured by a subordinate mortgage on the property, a security agreement on other assets and an assignment of all income under leases of the property.	500	496
Note payable to the County of Berks with no interest or principal payments due through June 2021, at which time all amounts owing are due in equal monthly payments of principal plus interest at 1.00% to June 2036. During the period from June 1995 to June 2021, 1.00% interest will accrue and is added to the principal balance of the note on the anniversary date of the funding date. In the event that this project is sold or refinanced by the partnership, the note becomes due. The note is secured by a subordinate mortgage on the property, a security agreement on other assets and an assignment of all income under leases of the property.	232	229

(In Thousands)

	2020	2019
Obligated Group		
Lehigh County General Purpose Authority Variable Rate Demand Revenue Refunding Bonds, Series B of 1998. The Series B of 1998 bonds outstanding are due in varying annual installments through May 2021. The bonds are secured by an irrevocable letter of credit issued by Citizens Bank. The bonds bear interest at a weekly rate, subject to conversion to a monthly rate or a term rate, defined as the variable rate of interest equal to the minimum rate of interest necessary to sell the Series B of 1998 bonds as determined by the remarketing agent (0.23% and 2.00% as of June 30, 2020 and 2019, respectively).	$ 315	$ 620
Berks County Municipal Authority Federally-Taxable Variable Rate Demand Revenue Refunding Bonds, Series C of 1998. The Series C of 1998 bonds outstanding are due in varying annual installments through May 2022. The bonds are secured by an irrevocable letter of credit issued by Citizens Bank. The bonds bear interest at a weekly rate, subject to conversion to a monthly rate or a term rate, defined as the variable rate of interest equal to the minimum rate of interest necessary to sell the Series C of 1998 bonds as determined by the remarketing agent (1.10% and 2.75% as of June 30, 2020 and 2019, respectively).	800	1,170
Berks County Municipal Authority Revenue Refunding Bonds, Series 2008. The 2008 bonds were converted to index rate bonds during 2014, at which point Key Bank National Association became the sole bondholder. The 2008 bonds outstanding are due in varying annual installments through May 2038. The bonds bear a variable interest rate (1.49% and 3.07% at June 30, 2020 and 2019, respectively), which was swapped to a fixed rate of 3.29% through May 2028. At June 30, 2020, the overall effective interest rate was 4.81%.	26,805	27,885
Berks County Municipal Authority Revenue Refunding Bonds, Series A1 of 2012. The Series A1 of 2012 bonds outstanding are due in varying monthly installments through May 2022. Citizens Bank of Pennsylvania is the sole bondholder. The bonds bear a variable interest rate (1.96% and 3.57% at June 30, 2020 and 2019, respectively), which was swapped to a fixed rate of 1.06% through May 2022. At June 30, 2020, the overall effective interest rate was 2.88%.	2,865	4,650
Lehigh County General Purpose Authority Revenue Refunding Bonds, Series A2 of 2012. The Series A2 of 2012 bonds outstanding are due in varying monthly installments through May 2022. Citizens Bank of Pennsylvania is the sole bondholder. The bonds bear a variable interest rate (1.96% and 3.57% at June 30, 2020 and 2019, respectively), which was swapped to a fixed rate of 1.09% through May 2022. At June 30, 2020, the overall effective interest rate was 2.92%.	1,005	1,500

(In Thousands)

	2020	2019
The Borough of Langhorne Manor Higher Education and Health Authority Revenue Bonds, Series 2014. Monthly installments of principal and interest will be paid through May 2041. Citizens Bank of Pennsylvania is the sole bondholder. The bonds are secured by a primary mortgage. The bonds bear a variable interest rate (1.49% and 3.07% at June 30, 2020 and 2019, respectively), of which a portion was swapped to a fixed rate of 2.24% through April 2024. At June 30, 2020, the overall effective interest rate was 3.05%.	$ 17,766	$ 17,898
Loan with Citizens Bank which proceeds were used to purchase real estate related to the development of Chestnut Ridge at Rodale and to finance renovations at Phoebe Berks. Proceeds from the loan will be drawn during the renovation period up to a maximum of $18,000. Payments of interest only on the outstanding balance are due monthly until November 2020 at which time all outstanding principal is due. Citizens Bank and the Obligated Group have mutually agreed to extend the maturity through November 2022 through a firm commitment letter dated September 9, 2020. The loan is secured by a primary mortgage and bears a variable interest rate of 1.58% and 3.84% at June 30, 2020 and 2019, respectively.	16,192	12,552
Phoebe Housing		
0.00% note payable to a not-for-profit corporation, collateralized by real estate; note matures January 2046.	80	80
Phoebe Apartments		
Phoebe Apartments, Inc., 3.00% mortgage payable to HUD, collateralized by property, plant and equipment, due in monthly installments of $6,266, including interest through January 2024. The note is due earlier than January 2024 if the project is sold.	258	326
	75,665	76,218
Less unamortized bond discount	(7)	(10)
Less unamortized deferred financing costs	(992)	(1,266)
Less current portion	(4,726)	(4,635)
	$ 74,666	$ 70,307

The Obligated Group consists of Phoebe Home, Inc., Phoebe Services, Inc., Phoebe-Devitt Homes, Phoebe Berks Health Care Center, Inc. and Phoebe Richland Health Care Center.

As security for the payment of the bonds and loan payable, the Obligated Group and any future members of the Obligated Group will grant a security interest in the pledged assets to the Master Trustee. Pledged assets include gross revenues of the Obligated Group and any subsequent members of the Obligated Group and proceeds thereof.

(In Thousands)

As additional security for bond payments, the Obligated Group has granted to the Master Trustee a mortgage on certain facilities consisting of real estate, improvements, personal property, building, equipment and other property interests.

The Series B of 1998 Bonds and Series C of 1998 Bonds are backed by letter of credits and subject to remarketing agreements. In the event that any or all of the bonds are tendered by the bondholder and are unable to be remarketed, the letter of credits would be drawn upon to repay the tendered bonds. Any drawings under the letter of credits are repayable on or before the first to occur of the following: the date on which the bonds purchased with the proceeds from a draw on the letter of credits are successfully remarketed by the remarketing agent, the date on which the bonds purchased with the proceeds from a draw on the letters of credit are redeemed or otherwise paid in full, the occurrence of an event of default, or the date the letters of credit expires. The letter of credit for the Series B of 1998 Bonds will expire in May 2021. The letter of credit for the Series C of 1998 Bonds will expire in May 2022. Certain debt provisions require the maintenance of the letters of credit.

The Obligated Group has agreed to comply with the terms of various debt agreements. The agreements also place limits on the incurrence of additional borrowings as long as the bonds are outstanding.

Management regularly assesses refinancing options for long-term debt obligations based on market availability and requirements of partnership agreements and other agreements related to the Organization's long-term debt obligations.

The aggregate maturities of long-term debt as of June 30, 2020 are as follows. The Organization has no intention of selling any of the Affordable Housing or Apartment projects and thus they are included in thereafter on the maturity schedule.

2021	$ 4,726
2022	3,659
2023	18,345
2024	2,197
2025	2,242
Thereafter	44,754
Total	$ 75,923

7. Employee Benefit Plans

The Organization maintains a 401(k) plan where eligible participants may contribute a portion of pretax annual compensation subject to IRS limits. In addition to participant contributions, the Organization's Board of Trustees may make discretionary contributions. Discretionary contributions in 2020 and 2019 were 3 percent of base eligible participant compensation, amounting to $1,078 and $790 during the years ended June 30, 2020 and 2019, respectively.

In addition, the Organization maintains a defined benefit plan. The Organization follows the recognition and disclosure provisions of accounting for defined benefit plans and other postretirement plans, which requires organizations to recognize the funded status of defined benefit plans and other postretirement plans as a net asset or liability and to recognize changes in that funding status in the year in which the changes occur through other changes in net assets without donor restrictions to the extent those changes are not included in periodic pension cost.

(In Thousands)

The defined benefit plan is a noncontributory defined benefit plan covering union employees at two affiliates. The benefits are based on a flat dollar amount based on years of service as specified by the plan. The plan has a projected benefit obligation and accumulated benefit obligation of $15,646 and $14,545 as of June 30, 2020 and 2019, respectively. The projected benefit obligation and the accumulated benefit obligation are the same amount since there are no future compensation levels to factor into the obligations. The benefits under this plan were frozen effective June 30, 2006. The plan will continue to make benefit payments for all vested accrued benefits as of June 30, 2006.

The following table sets forth the pension benefit obligation, fair value of plan assets and funded status at June 30, 2020 and 2019:

	2020	2019
Benefit obligation at June 30	$ (15,646)	$ (14,545)
Fair value of plan assets	10,313	10,702
Funded status at end of the year	$ (5,333)	$ (3,843)
Amounts recognized in the consolidated balance sheets consist of pension liability	$ 5,333	$ 3,843
Amounts recognized in net assets without donor restrictions consist of net actuarial loss	$ (9,306)	$ (7,511)

The net loss for the defined benefit plan that will be amortized from net assets without donor restrictions into net periodic pension cost for the next fiscal year is $704.

The following summarizes the net periodic pension cost, employer contribution and benefits paid by the pension plan for the years ended June 30, 2020 and 2019:

	2020	2019
Net periodic pension cost	$ 167	$ 78
Employer contributions	470	279
Benefits paid	(694)	(661)

Net periodic pension cost under the defined benefit plan for the years ended June 30, 2020 and 2019 included the following components:

	2020	2019
Interest cost on projected benefit obligation	$ 534	$ 571
Expected return on plan assets	(877)	(881)
Net amortization and deferral	510	388
Net periodic pension cost	$ 167	$ 78

(In Thousands)

Assumptions used in the actuarial computation that derived the benefit obligation and net periodic pension cost were as follows:

	2020	2019
Discount rate	3.00 %	3.75 %
Expected long-term rate of return on assets	8.25	8.25

The Organization invests in a diversified portfolio consisting of an array of asset classes in an attempt to emphasize long-term growth of principal while avoiding excessive risk and minimizing volatility. The Organization's investment policy targets a diversified mix of equities, fixed income securities and nontraditional investments that has been determined to be appropriate in terms of risk/reward trade-off taking into account the expected funded status of the plan, cash contributions and expense. Professional investment firms manage the plan assets. The overall investment policy is reviewed annually to assure the continued relevance of the goals, objectives, strategies and investment manager performance.

The Plan's overall investment strategy is to achieve an asset allocation within the following allowable ranges:

	Policy Range
Asset class:	
Publicly traded equities	25-70 %
Fixed income	20-60
Nontraditional investments:	
Absolute return (hedge funds)	0-30
Real assets/managed futures	0-10
Cash and cash equivalents	0-20

The Plan's weighted average asset allocation as of June 30, 2020 and 2019 by asset category was as follows:

	2020	2019
Asset category:		
Publicly traded equities	60.85 %	68.78 %
Fixed income	36.96	27.28
Cash and cash equivalents	2.19	3.94
	100.00 %	100.00 %

The Organization's funding policy is to contribute annually the maximum actuarially computed amount. Contributions are intended to provide not only for benefits attributed to service to-date, but also for those expected to be earned in the future. The Organization expects to contribute approximately $550 to the Plan during 2021.

Projected benefit payments from the Plan as of June 30, 2020 are estimated as follows:

2021	$ 685
2022	702
2023	761
2024	761
2025	775
2026 - 2029	4,079

(In Thousands)

The fair value of plan assets is based on the fair value hierarchy as discussed in Note 3. The plan held no Level 3 assets at June 30, 2020. The fair value of plan assets at June 30, 2020, are as follows:

	2020		
Description	**Total**	**Level 1**	**Level 2**
Cash/money market accounts**	$ 226		
Equity securities:			
Consumer cyclical	158	$ 158	$ -
Consumer noncyclical	18	18	-
Consumer services	54	54	-
Financials	184	184	-
Health care	139	139	-
Information technology	395	395	-
Materials	60	60	-
Services	23	23	-
International equities	623	623	-
Capital equipment and services	63	63	-
Transportation	13	13	-
Mutual funds:			
Domestic	1,198	1,198	-
International	664	664	-
Exchange traded funds	2,560	2,560	-
Other	123	123	-
Total equity securities	6,275	6,275	-
Fixed income:			
Government obligations:			
U.S. Treasury notes	1,201	-	1,201
Federal agency notes	400	-	400
Corporate obligations	1,547	-	1,547
Mutual funds	664	664	-
Total fixed income	3,812	664	3,148
Total	$ 10,313	$ 6,939	$ 3,148

** - Cash/money market accounts are presented in the above tables to reconcile the total plan assets.

(In Thousands)

The fair value of plan assets is based on the fair value hierarchy as discussed in Note 3. The plan held no Level 3 assets at June 30, 2019. The fair value of plan assets at June 30, 2019, are as follows:

	2019		
Description	**Total**	**Level 1**	**Level 2**
Cash/money market accounts**	$ 422		
Equity securities:			
Consumer cyclical	141	$ 141	$ -
Consumer noncyclical	84	84	-
Energy	36	36	-
Financials	66	66	-
Health care	96	96	-
Information technology	278	278	-
Materials	92	92	-
International equities	1,268	1,268	-
Capital equipment and services	10	10	-
Mutual funds:			
Domestic	1,230	1,230	-
International	298	298	-
Exchange traded funds	3,653	3,653	-
Other	109	109	-
Total equity securities	7,361	7,361	-
Fixed income:			
Government obligations:			
U.S. Treasury notes	848	-	848
Federal agency notes	378	-	378
Mortgage-backed securities	332	-	332
Corporate obligations	827	-	827
Mutual funds	534	534	-
Total fixed income	2,919	534	2,385
Total	$ 10,702	$ 7,895	$ 2,385

** - Cash/money market accounts are presented in the above tables to reconcile the total plan assets.

(In Thousands)

8. Net Assets With Donor Restrictions

Net assets with donor restriction are available for the following purposes:

	2020	2019
Purpose restricted funds:		
Charitable care/pastoral care	$ 1,003	$ 1,160
Building and equipment purchases	1,864	1,852
Information technology (operations)/staff skills	863	819
Operations/resident quality of life	641	713
Total purpose restricted funds	4,371	4,544
Funds to be held in perpetuity, the income from which is available to support:		
Charitable care/pastoral care	1,809	1,801
Building and equipment purchases	43	43
Information technology (operations)/staff skills	380	380
Operations/resident quality of life	7,210	7,261
Total funds to be held in perpetuity	9,442	9,485
Total net assets with donor restrictions	$ 13,813	$ 14,029

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. The amounts released during the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Charitable care/pastoral care	$ 287	$ 269
Building and equipment purchases	72	54
Information technology (operations)/staff skills	221	241
Operations/resident quality of life	114	138
	$ 694	$ 702

(In Thousands)

9. Endowment Funds

The Organization's endowments consist of funds established for a variety of reasons and purposes. Its endowments include donor-restricted and Board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified to be held in perpetuity is classified as donor purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined, the Organization considers the following factors to determine when a donor-restricted endowment fund is required by donor stipulation to accumulate or appropriate endowment funds:

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

	2020			
	Without Donor Restrictions	**Donor Purpose Restricted**	**Donor-Restricted to be Held in Perpetuity**	**Total**
Donor-restricted endowment funds	$ 57	$ 1,821	$ 4,386	$ 6,264
Board-designated endowment funds	3,519	-	-	3,519
	$ 3,576	$ 1,821	$ 4,386	$ 9,783

(In Thousands)

	2019			
	Without Donor Restrictions	Donor Purpose Restricted	Donor-Restricted to ne Held in Perpetuity	Total
Donor-restricted endowment funds	$ 60	$ 1,887	$ 4,351	$ 6,298
Board-designated endowment funds	3,352	-	-	3,352
	$ 3,412	$ 1,887	$ 4,351	$ 9,650

The following schedules represent the changes in endowment net assets for the years ended June 30:

	2020			
	Without Donor Restrictions	Donor Purpose Restricted	Donor-Restricted to be Held in Perpetuity	Total
Endowment net assets, beginning	$ 3,412	$ 1,887	$ 4,351	$ 9,650
Investment return:				
Investment income	164	174	-	338
Contributions	-	-	35	35
Appropriation of endowment assets for expenditure	-	(240)	-	(240)
Endowment net assets, ending	$ 3,576	$ 1,821	$ 4,386	$ 9,783

	2019			
	Without Donor Restrictions	Donor Purpose Restricted	Donor-Restricted to be Held in Perpetuity	Total
Endowment net assets, beginning	$ 3,211	$ 1,819	$ 4,306	$ 9,336
Investment return:				
Investment income	201	294	-	495
Contributions	-	-	45	45
Appropriation of endowment assets for expenditure	-	(226)	-	(226)
Endowment net assets, ending	$ 3,412	$ 1,887	$ 4,351	$ 9,650

Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Organization to retain as a fund of perpetual duration. These deficiencies would be reported as a component of net assets with donor restrictions. There were no deficiencies reported as of either June 30, 2020 or 2019.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of 7.25 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

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

The Organization has a policy of appropriating restricted net assets for distribution based on 4 percent of portfolio value for the previous three years. The amount needed to fund distributions will first be taken from any accumulated excess earnings from prior years, then from current year investment earnings. Any undistributed income is added back to the donor purpose restricted balance. Over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 3.1 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets to be held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

10. Self-Insured Reserves and Claims

The Organization purchases professional and general liability insurance to cover medical malpractice claims on a claims-made basis. The Organization believes it has adequate insurance coverage for all asserted claims and it has no knowledge of unasserted claims which would exceed its insurance coverage.

The Organization capitalized PRRRG, a wholly owned, captive insurance subsidiary, to underwrite the primary layer of professional and general liability insurance on a claims-made basis.

Professional ($500 thousand per claim) and general ($1 million per claim) liability coverage is provided by PRRRG on a directly written basis. Reserve requirements on reported and incurred but not reported claims are established based on actuarial projections of ultimate losses and total $1,600 and $1,282 as of June 30, 2020 and 2019, respectively. These reserves are included in other liabilities on the consolidated balance sheets. In addition, the Organization purchases excess insurance of $5 million per claim and in the aggregate for professional and general liability risks from a commercial carrier. Restricted funds held by PRRRG included cash of $90 and investments of $4,730 as of June 30, 2020 and cash of $136 and investments of $4,500 as of June 30, 2019. Premiums incurred by the Affiliated Organizations to PRRRG were $404 in 2020 and $382 in 2019.

The Organization participates in a self-insured program for workers' compensation insurance. In the case of catastrophes or other events that would cause excessive worker's compensation claims, the Organization is reinsured for losses in excess of $700 thousand per occurrence.

Workers' compensation costs are accrued based upon an estimated liability for reported claims and an estimated liability for claims incurred but not reported which approximates $587 and $713 as of June 30, 2020 and 2019, respectively. The reserve for unpaid losses and loss adjustment expenses is estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary. These estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserve for unpaid losses and loss adjustment expenses is adequate. The estimates are reviewed annually. As adjustments to the liability reserves become necessary, they are reflected in current operations.

To qualify for workers' compensation self-insurance, the Organization has fulfilled certain collateral requirements of the Commonwealth of Pennsylvania. The Organization maintains a $1.4 million irrevocable stand-by letter of credit to secure future obligations under the terms of the self-insurance program.

The Organization participates in a self-insured program for health insurance. The Organization holds a stop-loss policy that limits the maximum liability for benefits payable under such claims up to $200 per participant per year during 2020 and 2019. Reserves for potential unpaid claims related to the health plan were $643 and $633 as of June 30, 2020 and 2019, respectively. These reserves are included in accrued expenses and deferred revenues on the consolidated balance sheets.

Other investments restricted for self-insurance purposes were $166 and $182 as of June 30, 2020 and 2019, respectively.

11. Net Patient and Resident Service Revenues

Net patient and resident service revenues are reported at the estimated net realizable amount to be received from patients, residents and others, including Medicaid, Medicare and other third-party payors for services rendered. The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

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

  The Department of Human Services (DHS) in the Commonwealth of Pennsylvania is in the process of implementing its mandatory Medical Assistance managed care program, Community HealthChoices (CHC) for skilled nursing facilities across the Commonwealth of Pennsylvania. CHC eliminates the FFS payment methodology. The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible will not change under CHC.

  CHC became effective for Phoebe Richland and Phoebe Wyncote on January 1, 2019. CHC became effective for Phoebe Home and Phoebe Berks on January 1, 2020. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). DHS has provided information to nursing facilities indicating the initial rate paid by the MCOs will be subject to a "floor" equal to the average of each facility's prior four quarters Medical Assistance rates. In addition, MCOs and nursing facilities may agree to higher or lower negotiated rates under an alternative payment methodology agreement. The rate "floors" are expected to be in effect for 36 months.

(In Thousands)

- Medicare and Managed Medicare: Nursing and ancillary services provided to Medicare 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, Medicare rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization 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.

The Organization also has entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Organization under these agreements includes prospectively determined rates per day or discounts from established charges.

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net patient and resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net patient and resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenues, entrance fees until the performance obligations are satisfied and are included in deferred revenues, entrance fees in the accompanying consolidated balance sheets.

The Organization 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.

Net patient and resident service revenues, including amortization of entrance fees consists of the following for the year ended June 30:

	2020							
	Skilled Nursing	Personal Care	Independent Living	Pharmacy	Affordable Housing	Other	Eliminations	Total
Private pay	$ 20,196	$ 14,350	$ 11,172	$ 4,553	$ 2,147	$ 202	$ -	$ 52,620
Medicaid	12,964	23	-	-	-	-	-	12,987
Managed Medicaid	13,046	-	-	-	-	-	-	13,046
Medicare	11,008	-	-	-	-	495	-	11,503
Insurance Managed Medicare	5,123	-	-	-	-	26	-	5,149
Insurance	-	-	-	19,338	-	-	-	19,338
Government	1	3	-	-	626	-	-	630
Amortization of entrance fees	-	-	2,559	-	-	-	-	2,559
Intercompany pharmacy	-	-	-	1,382	-	-	(1,382)	-
Other	-	6	-	5,749	-	-	-	5,755
	$ 62,338	$ 14,382	$ 13,731	$ 31,022	$ 2,773	$ 723	$ (1,382)	$ 123,587

	2019							
	Skilled Nursing	Personal Care	Independent Living	Pharmacy	Affordable Housing	Other	Eliminations	Total
Private pay	$ 18,625	$ 14,302	$ 10,726	$ 4,175	$ 2,134	$ 136	$ -	$ 50,098
Medicaid	22,692	78	-	-	-	-	-	22,770
Managed Medicaid	3,293	-	-	-	-	-	-	3,293
Medicare	11,276	-	-	-	-	404	-	11,680
Insurance Managed Medicare	4,846	-	-	-	-	42	-	4,888
Insurance	131	-	-	17,120	-	-	-	17,251
Government	-	-	-	-	603	-	-	603
Amortization of entrance fees	-	-	2,327	-	-	-	-	2,327
Intercompany pharmacy	-	-	-	1,634	-	-	(1,634)	-
Other	-	22	-	4,797	-	-	-	4,819
	$ 60,863	$ 14,402	$ 13,053	$ 27,726	$ 2,737	$ 582	$ (1,634)	$ 117,729

(In Thousands)

12. Expenses by Nature and Function

The Organization's expenses for resident services (including skilled nursing, assisted living, independent living, other resident services and pharmacy), general and administrative and fundraising are as follows for the year ended June 30:

	2020			
	Resident Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 46,799	$ 5,211	$ -	$ 52,010
Employee benefits and other staff costs	12,531	1,547	-	14,078
Resident supplies	21,033	-	-	21,033
Contracted services	14,444	1,235	388	16,067
Other expenses	14,851	1,536	216	16,603
Interest	2,607	-	-	2,607
Depreciation	10,156	-	-	10,156
Amortization	277	-	-	277
Total	$ 122,698	$ 9,529	$ 604	$ 132,831

	2019			
	Resident Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 42,989	$ 5,025	$ -	$ 48,014
Employee benefits and other staff costs	10,837	1,645	-	12,482
Resident supplies	19,054	-	-	19,054
Contracted services	14,098	2,042	374	16,514
Other expenses	13,870	1,322	231	15,423
Interest	2,722	-	-	2,722
Depreciation	9,858	-	-	9,858
Amortization	248	-	-	248
Total	$ 113,676	$ 10,034	$ 605	$ 124,315

The consolidated financial statements report certain expense categories that are attributable to more than one health care or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and interest, are allocated to a function on a square footage basis.

13. Concentration of Credit Risk

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

Phoebe Apartments, Inc.'s sole asset is a 131-unit apartment project. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. 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.

The nursing care facilities primarily derive their revenues from private-pay, Medicare, Medicaid and managed care patients. Private-pay rates are established on the basis of the cost of delivering services and competitive considerations and, as such, are essentially market driven. In contrast, Medicare, Medicaid and managed care payment rates are regulated by the federal and state governments. As a result, the industry is sensitive to related legislative changes and is affected by reductions in governmental spending for these programs. Legislation dealing with nursing home revenues could be introduced, and if enacted, such legislation may have an impact upon the nursing care facilities.

14. Contingencies

Senior Living 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; however, the possible future financial effects of this matter on the Organization, if any, are not presently determinable.

Legal Actions

From time to time, the Organization is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position or the results of operations.

COVID-19

The spread of COVID-19 around the world in 2020 has caused significant volatility in U.S. and international markets, supply chains, businesses and communities. The Organization's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were available to be issued. COVID-19 may impact various parts of the Organization's 2021 operations and financial performance, including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption, sales of independent living units or declines in revenue related to decreases in occupancy or volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Phoebe-Devitt Homes and Affiliated Organizations

Consolidating Balance Sheet Schedule
June 30, 2020
(In Thousands)

	Phoebe-Devitt Homes	Phoebe Home	Phoebe Services	Phoebe Berks Health Care Center	Phoebe Richland Health Care	Wyncote Church Home	PCCBS	PRRRG	Phoebe Apartments	Phoebe Housing	Affordable Housing	Eliminations	Total
Assets													
Current Assets													
Cash and cash equivalents	$ 7,174	$ 12,042	$ -	$ 12,318	$ 1,940	$ -	$ -	$ 90	$ 240	$ 150	$ 951	$ (29,094)	$ 5,811
Resident and patient funds	-	270	-	30	124	26	-	-	-	-	-	-	450
Accounts receivable	1	4,484	2,946	2,049	2,015	1,078	574	443	35	-	6	(443)	13,188
Estate receivable	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Due from related parties	2,431	151	(1,421)	327	426	1,376	(48)	-	(122)	25	(85)	(3,060)	-
Prepaid expenses and other	52	225	2,798	312	58	31	41	5	20	-	89	-	3,631
Total current assets	10,658	17,172	4,323	15,036	4,563	2,511	567	538	173	175	961	(32,597)	24,080
Investments	30,111	411	189	7,734	-	14,784	1,152	-	-	-	-	-	54,381
Assets Whose Use is Limited	17,278	186	138	209	662	705	8	4,730	622	-	1,186	-	25,724
Statutory Minimum Liquid Reserve	-	693	-	2,713	18	191	67	-	-	-	-	-	3,682
Property and Equipment, Net	-	23,904	4,787	44,207	34,516	4,347	391	-	928	-	7,219	-	120,299
Due From Related Parties, 1998 Refinancing	-	-	1,803	6,350	-	-	-	-	-	-	-	(8,153)	-
Other Assets													
Investments in affiliates	1,388	1,677	3,154	707	553	-	-	-	-	-	-	(7,479)	-
Equity method investments	3,870	-	-	-	-	-	881	-	-	-	-	-	4,751
Investments in affiliated partnerships	-	-	-	-	-	-	-	-	-	391	-	(391)	-
Note receivable, related party	109	-	805	-	142	620	-	-	-	76	-	(1,752)	-
Other assets	-	-	-	-	-	-	-	-	-	459	-	(279)	180
Total other assets	5,367	1,677	3,959	707	695	620	881	-	-	926	-	(9,901)	4,931
Total assets	$ 63,414	$ 44,043	$ 15,199	$ 76,956	$ 40,454	$ 23,158	$ 3,066	$ 5,268	$ 1,723	$ 1,101	$ 9,366	$ (50,651)	$ 233,097

Phoebe-Devitt Homes and Affiliated Organizations

Consolidating Balance Sheet Schedule
June 30, 2020
(In Thousands)

Liabilities and Net Assets	Phoebe-Devitt Homes	Phoebe Home	Phoebe Services	Phoebe Berks Health Care Center	Phoebe Richland Health Care	Wyncote Church Home	PCCBS	PRRRG	Phoebe Apartments	Phoebe Housing	Affordable Housing	Eliminations	Total
Current Liabilities													
Accounts payable	$ (12)	$ 1,757	$ 1,130	$ 2,302	$ 1,572	$ 432	$ 501	$ 10	$ 138	$ 1	$ 190	$ (561)	$ 7,460
Margin loan	-	-	-	-	-	3,585	-	-	-	-	-	-	3,585
Accrued expenses	-	2,498	3,294	1,135	1,043	518	563	39	43	7	171	-	9,311
Deferred revenues, provider relief funds	-	1,610	-	648	879	158	17	-	-	-	-	-	3,312
Resident and patient funds	-	291	-	30	117	29	-	-	-	-	-	-	467
Due to related parties	60	(51)	26,096	(93)	3,392	204	2,740	-	12	(490)	346	(32,216)	-
Current portion of long-term debt	-	-	2,985	1,130	141	-	-	-	68	-	402	-	4,726
Due to related party	14	-	142	109	-	-	620	-	-	-	-	(885)	-
Total current liabilities	62	6,105	33,647	5,261	7,144	4,926	4,441	49	261	(482)	1,109	(33,662)	28,861
Other Liabilities													
Long-term debt, net	-	(8)	1,929	28,347	30,225	-	-	-	190	80	10,401	(966)	70,198
Due to related parties, 1998 refinancing	2,118	6,577	-	(542)	-	-	-	-	-	-	-	(8,153)	-
Refundable entrance fees	-	6,143	2	31,176	809	1	128	-	58	-	113	-	38,430
Deferred revenues, entrance fees	-	2,585	-	11,599	16	2	3,140	-	-	-	-	-	17,342
Accrued pension liability	-	5,037	-	296	-	-	-	-	-	-	-	-	5,333
Charitable gift annuities	237	43	-	35	-	-	-	-	-	-	-	-	315
Phoebe-Devitt Homes equity	-	-	-	1,278	2,582	-	-	-	-	-	-	(3,860)	-
Workers' compensation reserve	-	439	13	-	5	131	-	-	-	-	-	-	588
Interest rate swaps	-	-	35	5,380	997	-	-	-	-	-	-	-	6,412
Other	1,708	457	68	206	-	-	-	1,600	-	459	-	-	4,498
Total other liabilities	4,063	21,273	2,047	77,775	34,634	134	3,268	1,600	248	539	10,514	(12,979)	143,116
Total liabilities	4,125	27,378	35,694	83,036	41,778	5,060	7,709	1,649	509	57	11,623	(46,641)	171,977
Net Assets													
Without donor restrictions	48,701	16,228	(21,097)	(7,426)	(1,324)	17,341	(4,676)	3,619	1,214	1,044	(2,307)	(4,010)	47,307
With donor restrictions	10,588	437	602	1,346	-	757	33	-	-	-	50	-	13,813
Total net assets	59,289	16,665	(20,495)	(6,080)	(1,324)	18,098	(4,643)	3,619	1,214	1,044	(2,257)	(4,010)	61,120
Total liabilities and net assets	$ 63,414	$ 44,043	$ 15,199	$ 76,956	$ 40,454	$ 23,158	$ 3,066	$ 5,268	$ 1,723	$ 1,101	$ 9,366	$ (50,651)	$ 233,097

Phoebe-Devitt Homes and Affiliated Organizations

Consolidating Statement of Operations and Changes in Net Assets Schedule
Year Ended June 30, 2020
(In Thousands)

	Phoebe-Devitt Homes	Phoebe Home	Phoebe Services	Phoebe Berks Health Care Center	Phoebe Richland Health Care	Wyncote Church Home	PCCBS	PRRRG	Phoebe Apartments	Phoebe Housing	Affordable Housing	Eliminations	Total
Operating Revenues													
Net patient and resident service revenues	$ -	$ 35,036	$ 31,022	$ 27,530	$ 20,022	$ 4,978	$ 1,048	$ -	$ 910	$ -	$ 1,864	$ (1,382)	$ 121,028
Amortization of entrance fees	-	507	-	1,702	2	12	336	-	-	-	-	-	2,559
Contributions	1,170	76	2	312	37	34	1	-	6	-	-	-	1,638
Change in value, charitable gift annuities	(47)	(9)	-	37	-	-	-	-	-	-	-	-	(19)
Investment income	945	138	44	194	20	103	176	76	4	8	12	(8)	1,712
Net realized gains on investments	580	19	-	133	-	223	-	-	-	-	-	-	955
Gain on disposal of property and equipment	-	-	63	-	-	-	-	-	-	-	-	-	63
Net assets released from restrictions for operations	214	233	-	69	33	73	-	-	-	-	-	-	622
Revenues from provider relief funds	-	935	-	411	250	297	7	-	-	-	-	-	1,900
Other revenues	-	323	8,954	205	112	10	7,248	405	74	146	246	(16,718)	1,005
Total operating revenues	2,862	37,258	40,085	30,593	20,476	5,730	8,816	481	994	154	2,122	(18,108)	131,463
Operating Expenses													
Salaries and wages	-	17,086	12,611	7,343	7,498	3,166	3,884	-	184	-	238	-	52,010
Employee benefits and other staff costs	-	5,913	2,623	1,898	1,762	753	1,061	-	25	-	65	(22)	14,078
Resident supplies	-	1,018	20,229	450	514	181	-	-	-	-	-	(1,359)	21,033
Contracted services	388	7,318	3,697	8,209	5,227	2,134	4,128	130	384	139	432	(16,119)	16,067
Other expenses	216	5,712	2,461	3,378	2,463	1,097	484	456	213	-	711	(588)	16,603
Interest	-	268	1	1,269	630	-	-	-	8	-	431	-	2,607
Depreciation	-	2,373	1,249	3,741	1,502	379	51	-	134	-	727	-	10,156
Amortization	-	7	20	89	158	-	-	-	-	-	3	-	277
Total operating expenses	604	39,695	42,891	26,377	19,754	7,710	9,608	586	948	139	2,607	(18,088)	132,831
Operating income (loss)	2,258	(2,437)	(2,806)	4,216	722	(1,980)	(792)	(105)	46	15	(485)	(20)	(1,368)
Net Unrealized (Losses) Gains on Investments	(989)	(12)	-	(125)	-	(409)	-	117	-	-	-	-	(1,418)
Change in Fair Value of Interest Rate Swaps	-	-	(52)	(1,405)	(370)	-	-	-	-	-	-	-	(1,827)
Net Periodic Pension Cost, Nonoperating	-	(154)	-	(13)	-	-	-	-	-	-	-	-	(167)
Excess (deficiency) of operating revenues over expenses	1,269	(2,603)	(2,858)	2,673	352	(2,389)	(792)	12	46	15	(485)	(20)	(4,780)

Phoebe-Devitt Homes and Affiliated Organizations

Consolidating Statement of Operations and Changes in Net Assets Schedule
Year Ended June 30, 2020
(In Thousands)

	Phoebe-Devitt Homes	Phoebe Home	Phoebe Services	Phoebe Berks Health Care Center	Phoebe Richland Health Care	Wyncote Church Home	PCCBS	PRRRG	Phoebe Apartments	Phoebe Housing	Affordable Housing	Eliminations	Total
Other Changes													
Pension related changes other than net periodic pension cost	$ -	$ (1,579)	$ -	$ (130)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,709)
Net assets released from restrictions, capital	-	44	-	25	3	-	-	-	-	-	-	-	72
Total other changes	-	(1,535)	-	(105)	3	-	-	-	-	-	-	-	(1,637)
Change in net assets (deficit) without donor restrictions	1,269	(4,138)	(2,858)	2,568	355	(2,389)	(792)	12	46	15	(485)	(20)	(6,417)
Change in Net Assets With Donor Restrictions													
Contributions	222	32	(3)	34	36	5	(1)	-	(5)	-	-	-	320
Investment income	175	-	-	-	-	-	-	-	-	-	1	-	176
Net unrealized losses on investments	(39)	-	-	-	-	-	-	-	-	-	-	-	(39)
Net realized gains on investments	90	-	-	-	-	-	-	-	-	-	-	-	90
Change in value of funds held in trust by others	(71)	-	-	-	-	-	-	-	-	-	2	-	(69)
Net assets released from restrictions	(214)	(277)	-	(94)	(36)	(73)	-	-	-	-	-	-	(694)
Change in net assets with donor restrictions	163	(245)	(3)	(60)	-	(68)	(1)	-	(5)	-	3	-	(216)
Change in net assets (deficit)	1,432	(4,383)	(2,861)	2,508	355	(2,457)	(793)	12	41	15	(482)	(20)	(6,633)
Net Assets (Deficit), Beginning	57,857	21,048	(17,634)	(8,588)	(1,679)	20,555	(3,850)	3,607	1,173	1,029	(1,775)	(3,990)	67,753
Net Assets (Deficit), Ending	$ 59,289	$ 16,665	$ (20,495)	$ (6,080)	$ (1,324)	$ 18,098	$ (4,643)	$ 3,619	$ 1,214	$ 1,044	$ (2,257)	$ (4,010)	$ 61,120

Calculation Based on Budgeted Operating Expenses		
Budgeted operating expenses for the year ended June 30, 2021		$ 36,474,549
Less budgeted depreciation expense		(2,078,005)
Less budgeted amortization expense		(4,909)
Expenses subject to minimum liquid reserve requirement		34,391,635
Percentage of residents subject to CCRC arrangements at June 30, 2020		20.16%
Subtotal		6,933,354
Statutory requirement		10%
	(a)	$ 693,335
Calculation Based on Debt Service Requirements		
Debt service requirements for the year ended June 30, 2021:		
Principal and interest payments		$ 1,028,106
Percentage of residents subject to CCRC arrangements at June 30, 2020		20.16%
	(b)	$ 207,266
Statutory Minimum Liquid Reserve Requirement		
Greater of (a) or (b)		$ 693,335

Calculation Based on Budgeted Operating Expenses		
Budgeted operating expenses for the year ended June 30, 2021		$ 27,712,514
Less budgeted depreciation expense		(3,802,367)
Less budgeted amortization expense		(77,347)
Expenses subject to minimum liquid reserve requirement		23,832,800
Percentage of residents subject to CCRC arrangements at June 30, 2020		58.89%
Subtotal		14,035,136
Statutory requirement		10%
	(a)	$ 1,403,514
Calculation Based on Debt Service Requirements		
Debt service requirements for the year ended June 30, 2021:		
Principal and interest payments		$ 4,606,420
Percentage of residents subject to CCRC arrangements at June 30, 2020		58.89%
	(b)	$ 2,712,721
Statutory Minimum Liquid Reserve Requirement		
Greater of (a) or (b)		$ 2,712,721

Phoebe-Devitt Homes and Affiliated Organizations

Statutory Minimum Liquid Reserve, Wyncote Church Home
June 30, 2020

Calculation Based on Budgeted Operating Expenses		
Budgeted operating expenses for the year ended June 30, 2021		$ 7,370,620
Less budgeted depreciation expense		(376,885)
Expenses subject to minimum liquid reserve requirement		6,993,735
Percentage of residents subject to CCRC arrangements at June 30, 2020		27.27%
Subtotal		1,907,192
Statutory requirement		10%
	(a)	$ 190,719
Calculation Based on Debt Service Requirements		
Debt service requirements for the year ended June 30, 2021:		
Statutory Minimum Liquid Reserve		$ -
Percentage of residents subject to CCRC arrangements at June 30, 2020		27.27%
	(b)	$ -
Statutory Minimum Liquid Reserve Requirement		
Greater of (a) or (b)		$ 190,719

Phoebe-Devitt Homes and Affiliated Organizations

Statutory Minimum Liquid Reserve, Phoebe Richland Health Care Center
June 30, 2020

Calculation Based on Budgeted Operating Expenses		
Budgeted operating expenses for the year ended June 30, 2021		$ 20,259,542
Less budgeted depreciation expense		(1,458,410)
Less budgeted amortization expense		(150,660)
Expenses subject to minimum liquid reserve requirement		18,650,472
Percentage of residents subject to CCRC arrangements at June 30, 2020		0.99%
Subtotal		184,640
Statutory requirement		10%
	(a)	$ 18,464
Calculation Based on Debt Service Requirements		
Debt service requirements for the year ended June 30, 2021:		
Principal and interest payments		$ 842,805
Percentage of residents subject to CCRC arrangements at June 30, 2020		0.99%
	(b)	$ 8,344
Statutory Minimum Liquid Reserve Requirement		
Greater of (a) or (b)		$ 18,464

Phoebe-Devitt Homes and Affiliated Organizations

Statutory Minimum Liquid Reserve, Pathstones by Phoebe
June 30, 2020

Calculation Based on Budgeted Operating Expenses			
Budgeted operating expenses for the year ended June 30, 2021		$	698,571
Less budgeted depreciation expense			(31,822)
Expenses subject to minimum liquid reserve requirement			666,749
Percentage of residents subject to CCRC arrangements at June 30, 2020			100.00%
Subtotal			666,749
Statutory requirement			10%
	(a)	$	66,675
Calculation Based on Debt Service Requirements			
Debt service requirements for the year ended June 30, 2021:			
Statutory Minimum Liquid Reserve		$	-
Percentage of residents subject to CCRC arrangements at June 30, 2020			100.00%
	(b)	$	-
Statutory Minimum Liquid Reserve Requirement			
Greater of (a) or (b)		$	66,675