Brio Living Services and Affiliates

Consolidated Financial Report
with Supplemental Information
June 30, 2022

Contents

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Independent Auditor's Report

To the Board of Trustees
Brio Living Services and Affiliates

Opinion

We have audited the consolidated financial statements of Brio Living Services and Affiliates (the "Organization"), which comprise the consolidated balance sheet as of June 30, 2022 and 2021 and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

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

To the Board of Trustees
Brio Living Services and Affiliates

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

October 28, 2022

Consolidated Balance Sheet

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	$ 23,182,210	$ 28,628,121
Resident accounts receivable - Net (Note 3)	5,394,099	4,951,091
Accounts receivable - Affiliates (Note 18)	109,307	106,078
Current portion of pledges receivable (Note 4)	633,621	1,076,663
Current portion of assets limited as to use (Note 5)	78,700	178,662
Other current assets	1,885,444	1,879,460
Total current assets	31,283,381	36,820,075
Assets Limited as to Use - Net of current portion (Note 5)	62,425,804	62,031,461
Property and Equipment - Net (Note 6)	225,739,883	233,085,850
Beneficial Interest in Trust	1,413,795	1,327,748
Pledges Receivable - Net of current portion (Note 4)	1,978,153	1,751,265
Right-of-Use Asset - Net (Note 11)	515,529	687,861
Other Noncurrent Assets		
Investment in and loans due from related organizations (Note 18)	6,268,886	7,088,244
Fair value of interest swap agreements (Note 10)	32,967	-
Other noncurrent assets	198,401	109,429
Total assets	**$ 329,856,799**	**$ 342,901,933**

See notes to consolidated financial statements.

Consolidated Balance Sheet (Continued)

June 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 3,791,951	$ 5,083,007
Accounts payable - Affiliates (Note 18)	-	31,581
Current portion of long-term debt (Note 9)	3,098,691	4,841,584
Current portion of Holland facility lease liability (Note 11)	207,529	192,798
Current portion of refundable advances on life leases (Note 12)	5,153,300	5,183,900
Estimated third-party payor settlements	982,189	1,315,048
Accrued liabilities and other (Note 7)	12,600,030	15,587,785
Total current liabilities	25,833,690	32,235,703
Long-term Debt - Net of current portion (Note 9)	99,223,498	103,091,514
Holland Facility Lease Liability - Net of current portion (Note 11)	461,673	670,347
Other Long-term Liabilities		
Deferred life lease income (Note 12)	23,683,237	26,833,425
Refundable advances on life leases - Net of current portion (Note 12)	48,038,174	42,405,048
Fair value of interest rate swap agreements (Note 10)	-	318,783
Other long-term liabilities	442,603	439,293
Total other long-term liabilities	72,164,014	69,996,549
Total liabilities	197,682,875	205,994,113
Net Assets		
Without donor restrictions	96,088,691	102,029,666
With donor restrictions (Notes 14 and 15)	21,955,155	21,268,835
Without donor restrictions - Noncontrolling interest	14,130,078	13,609,319
Total net assets	132,173,924	136,907,820
Total liabilities and net assets	**$ 329,856,799**	**$ 342,901,933**

See notes to consolidated financial statements.

Consolidated Statement of Activities

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenue		
Net service revenue (Note 3)	$ 140,888,405	$ 130,277,735
Investment income	4,512,176	3,302,254
Life lease income (Note 12)	4,343,644	4,214,977
Gain on sale of property	-	521,302
Contributions	5,867,539	1,464,228
CARES Act revenue (Note 22)	2,157,783	8,183,685
Other operating revenue	3,559,155	3,469,950
Net assets released from restrictions used in operations	1,252,560	2,821,115
Total operating revenue	162,581,262	154,255,246
Operating Expenses		
Salaries and wages	54,554,288	49,066,911
Employee benefits and payroll taxes	13,144,708	10,798,751
Operating supplies and expenses	7,879,970	6,400,885
Professional services and consultant fees	47,513,795	44,282,425
Repairs and maintenance	1,787,011	2,406,901
Utilities	3,753,595	3,159,300
Depreciation	16,589,951	16,100,591
Interest	4,127,142	4,013,807
Property taxes	1,911,029	1,765,066
Amortization of right-of-use asset (Note 11)	177,759	174,649
Provision for bad debts	273,568	490,403
Quality assurance assessment	987,983	1,025,055
Other	7,065,897	7,962,408
Total operating expenses	159,766,696	147,647,152
Operating Income	2,814,566	6,608,094
Nonoperating (Loss) Income		
Unrealized (loss) gain on investments (Note 5)	(8,392,889)	3,617,138
Change in value of charitable gift annuities	(13,237)	159
Change in fair value of interest rate swap agreements (Note 10)	351,751	345,653
Gain from investments in joint ventures (Note 18)	(438,179)	3,206,455
Total nonoperating (loss) income	(8,492,554)	7,169,405
Excess of Revenue (Under) Over Expenses	(5,677,988)	13,777,499
Transfer to Affiliate	(150,428)	-
Net Assets Released from Restrictions for Capital Purposes	408,200	1,000,133
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (5,420,216)**	**$ 14,777,632**
Amounts Attributable to Noncontrolling Interest and Controlling Interest		
Consolidated (decrease) increase in net assets without donor restrictions attributable to:		
Noncontrolling interest	$ 520,759	$ 2,386,215
Controlling interest	(5,940,975)	12,391,417
Consolidated (decrease) increase in net assets without donor restrictions	**$ (5,420,216)**	**$ 14,777,632**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Years Ended June 30, 2022 and 2021

	Without Donor Restrictions - Controlling Interest	Without Donor Restrictions - Noncontrolling Interest	With Donor Restrictions	Total
Balance - July 1, 2020	$ 89,638,249	$ 11,223,104	$ 18,056,068	$ 118,917,421
Excess of revenue over expenses	11,391,284	2,386,215	-	13,777,499
Net assets released from restrictions for capital purposes	1,000,133	-	-	1,000,133
Restricted contributions	-	-	3,158,761	3,158,761
Restricted investment income	-	-	4,052,506	4,052,506
Change in present value of pledges receivable	-	-	(43,560)	(43,560)
Change in value of beneficial interest in trusts	-	-	(133,692)	(133,692)
Net assets released from restrictions	-	-	(3,821,248)	(3,821,248)
Balance - June 30, 2021	102,029,666	13,609,319	21,268,835	136,907,820
Excess of revenue (under) over expenses	(6,198,747)	520,759	-	(5,677,988)
Net assets released from restrictions for capital purposes	408,200	-	-	408,200
Transfer to affiliate	(150,428)	-	-	(150,428)
Restricted contributions	-	-	5,140,139	5,140,139
Restricted investment loss	-	-	(2,369,032)	(2,369,032)
Change in present value of pledges receivable	-	-	(371,153)	(371,153)
Change in value of beneficial interest in trusts	-	-	(52,874)	(52,874)
Net assets released from restrictions	-	-	(1,660,760)	(1,660,760)
Balance - June 30, 2022	**$ 96,088,691**	**$ 14,130,078**	**$ 21,955,155**	**$ 132,173,924**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (4,733,896)	$ 17,990,399
Adjustments to reconcile (decrease) increase in net assets to net cash and restricted cash from operating activities:		
Depreciation	16,589,951	16,100,591
Amortization of Holland facility finance lease	177,759	174,649
Net realized and unrealized loss (gain) on investments	7,515,940	(9,137,489)
Amortization of deferred debt issuance costs, discount, and premium	(154,253)	(56,700)
Provision for bad debts	273,568	490,403
Amortization of deferred life lease income	(4,343,644)	(4,214,977)
Proceeds from deferred life leases	5,274,990	5,761,469
Refunds of deferred life leases	(621,083)	(446,766)
Loss (gain) from investment in joint ventures	438,179	(3,206,455)
Change in fair value of interest rate swap agreements	(351,751)	(345,653)
Loss on perpetual trust	52,874	133,692
Gain on disposal of property and equipment	-	(521,302)
Noncash CARES Act revenue - Gain on forgiveness of Paycheck Protection Program loans	-	(4,771,480)
Transfer to affiliate	150,428	-
Changes in operating assets and liabilities that (used) provided cash and restricted cash:		
Resident accounts receivable	(716,576)	(1,265,152)
Accounts receivable - Affiliates	(3,229)	173
Pledges receivable	216,154	700,384
Other assets	322,561	221,046
Accounts payable	(1,291,056)	(1,482,235)
Accounts payable - Affiliates	(31,581)	(44,241)
Accrued and other liabilities	(2,987,755)	5,491,030
Estimated third-party settlements	(332,859)	110,326
Net cash and restricted cash provided by operating activities	15,444,721	21,681,712
Cash Flows from Investing Activities		
Purchase of property and equipment	(9,243,984)	(12,257,432)
Proceeds from sale of property and equipment	-	1,364,526
Purchases of investments	(22,884,437)	(12,224,428)
Proceeds from sale and maturities of investments	17,094,651	3,414,586
Payments on notes receivable	47,208	50,563
Net cash and restricted cash used in investing activities	(14,986,562)	(19,652,185)
Cash Flows from Financing Activities		
Net change in lines of credit	-	(885,234)
Principal payment on long-term debt	(5,456,656)	(57,306,483)
Proceeds from issuance of long-term debt	-	51,145,000
Proceeds from refundable life lease obligations	5,901,173	6,693,039
Refunds of refundable life lease obligations	(3,759,098)	(3,920,463)
Payments on Holland facility lease liability	(193,943)	(178,902)
Change in other long-term liabilities	3,310	(177,568)
Premium on issuance of long-term debt	-	4,613,165
Payment of debt issuance costs	-	(1,112,211)
Settlement of interest rate swap agreement	-	(3,211,570)
Transfer to affiliate	(150,428)	-

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows (Continued)

Years Ended June 30, 2022 and 2021

	2022	2021
Net cash and restricted cash used in financing activities	$ (3,655,642)	$ (4,341,227)
Net Decrease in Cash and Restricted Cash	(3,197,483)	(2,311,700)
Cash and Restricted Cash - Beginning of year	29,080,370	31,392,070
Cash and Restricted Cash - End of year	**$ 25,882,887**	**$ 29,080,370**
Classification of Cash and Restricted Cash		
Cash	$ 23,182,210	$ 28,628,121
Cash in assets limited as to use	2,700,677	452,249
Total cash and restricted cash	**$ 25,882,887**	**$ 29,080,370**
Supplemental Cash Flow Information - Cash paid for interest	$ 3,883,854	$ 3,721,956

See notes to consolidated financial statements.

Note 1 - Nature of Business

United Methodist Retirement Communities, Inc. and Affiliates d/b/a Brio Living Services and Affiliates (the "Organization") is a faith-based organization dedicated to Christian, compassionate, and creative responses to the provision of health care, housing, and supportive services to older adults. The Organization, governed by a board of trustees, provides housing, health care, and other related services to residents.

The following organizations are affiliated with the Organization and have been consolidated in accordance with accounting principles generally accepted in the United States of America:

- United Methodist Retirement Communities, Inc. d/b/a Brio Living Services (Brio) was established to provide housing, health care, memory care, and other related services to residents through the operation of a continuing care retirement community in Chelsea, Michigan (Chelsea Retirement Community) and independent living cottages in Dexter, Michigan (Cedars of Dexter).
- UMRC Foundation and Porter Hills Foundation are Michigan nonprofit organizations established to control and manage the unrestricted and donor-restricted investments for the benefit of Brio and Porter Hills. Brio is the sole corporate member of UMRC Foundation, and Porter Hills is the sole corporate member of Porter Hills Foundation. Effective July 1, 2021, both foundations merged together and were named United Methodist Retirement Communities, Inc. and Porter Hills Foundation (the "Foundation"). Brio is the sole corporate member of the Foundation.
- Porter Hills Presbyterian Village, Inc. (Porter Hills) was established to provide housing, health care, memory care, and other related services to residents through the operation of a continuing care retirement community in Grand Rapids, Michigan. Brio is the sole corporate member of Porter Hills Presbyterian Village, Inc.
- Porter Hills Home Health Services West (Home Health) was established to provide skilled home care to residents of the western Michigan area. Porter Hills is the sole corporate member of Home Health.
- Cook Valley Estates (Cook Valley) was established during the year ended June 30, 1999 to provide independent housing for the elderly in Grand Rapids, Michigan. Cook Valley Estates functions under Porter Hills Presbyterian Village, Inc.'s federal ID. Porter Hills is the sole corporate member of Cook Valley.
- Meadowlark Retirement Community (Meadowlark) was purchased during the year ended June 30, 1998 to provide assisted living care, memory care, and independent living for the elderly in Sparta, Michigan. Porter Hills is the sole corporate member of Meadowlark.
- Detroit Affordable Assisted Living Limited Dividend Housing Association Limited Partnership (DAAL) was formed as a limited partnership on February 25, 2010 under the laws of the Michigan Uniform Partnership Act, as regulated by the Michigan State Housing Development Authority (MSHDA), for the purpose of constructing and operating a rental housing project. DAAL commenced operations in March 2013. DAAL is an 80-unit elderly affordable assisted living facility in Detroit, Michigan. DAAL has qualified for and been allocated low-income housing tax credit as of May 10, 2011 pursuant to Internal Revenue Code Section 42. The Organization is a 0.0051 percent general partner in DAAL. The Organization controls the major operating and financial policies of DAAL. Under the terms of a Regulatory Agreement executed in connection with obtaining a HOME loan, MSHDA regulates rental rates and distributions to owners. The Regulatory Agreement contains requirements, including operating policies, maintaining a reserve fund for replacement, maintaining an operating insurance escrow, and limiting distributions to owners.

Note 1 - Nature of Business (Continued)

- Washtenaw PACE, Inc. d/b/a Huron Valley PACE (Huron Valley PACE); The Cascade PACE, Inc. d/b/a Thome PACE (Thome PACE); and LifeCircles, Inc. (LifeCircles) are all Michigan nonprofit organizations that operate Programs of All-inclusive Care for the Elderly (PACE) in Michigan in the Ypsilanti, Jackson, Muskegon, and Holland areas and communities surrounding them. Once an individual has been enrolled in a PACE, all of his or her medical needs must be provided, according to the participant plan, through the staff of the PACE and its network of providers. The Organization has a 100 percent and 80 percent controlling financial interest in Huron Valley PACE and Thome PACE, respectively. Porter Hills Presbyterian Villages, Inc. has a 53.2 percent controlling interest in LifeCircles. The Organization has guaranteed approximately $4,300,000 and $2,600,000 of indebtedness incurred by Huron Valley PACE and Thome PACE, respectively. Huron Valley PACE, Thome PACE, and LifeCircles commenced operations in March 2014, March 2016, and May 2007, respectively.

- Bailey's Grove Retirement Community, Inc. (Bailey's Grove); Sparta Retirement Community, Inc. d/b/a Harvest Way Retirement Community, Inc. (Harvest Way); Senora Woods Retirement Community, Inc. d/b/a Oak Ridge Retirement Community, Inc. (Oak Ridge); River Grove Retirement Community, Inc. (River Grove); Station Creek Retirement Community, Inc. (Station Creek); and Walker Meadow Retirement Community, Inc. (Walker Meadow) (collectively, the "HUDs"), of which the Porter Hills Presbyterian Village, Inc. is the sole member of each, were established to provide independent housing for the elderly in western Michigan. The HUDs operate under Section 202 of the National Housing Act and are regulated by the U.S. Department of Housing and Urban Development (U.S. HUD) with respect to rental charges and operating methods. A Regulatory Agreement with U.S. HUD was signed in connection with the mortgage note.

- Porter Hills at Home d/b/a Avenues (Avenues) was established during the year ended June 30, 2012 as a membership program for the elderly of the western Michigan area who want to live at home and have services come to them. Avenues is a wholly owned subsidiary of Porter Hills.

- UMRCPH, Inc. was established on November 15, 2019 to provide management support for the Organization.

- The Organization includes entities that compose an obligated group, United Methodist Retirement Communities, Inc. d/b/a Brio Living Services Obligated Group (the "Obligated Group"), as defined by the master trust indenture, amended and restated as of September 1, 2013, which includes the accounts of the following entities: Brio, the Foundation, Porter Hills, Home Health, Cook Valley, and Meadowlark.

The Organization is also affiliated with the following entities, which are not required to be consolidated in accordance with accounting principles generally accepted in the United States of America; the investment in these entities is accounted for in the Organization's consolidated financial statements under the equity method:

- Silver Maples of Chelsea (SMOC) is a Michigan nonprofit organization that provides housing and assisted living services to residents through the operation of a retirement facility in Chelsea, Michigan. The Organization is a 50 percent member of SMOC.

- Sylvan Pines Limited Dividend Housing Associated LLC (Sylvan Pines) is an affordable housing project with which the Organization has a management agreement. The Organization is a 1 percent member of Sylvan Pines.

Note 1 - Nature of Business (Continued)

- VOANS Senior Community Care of Michigan, Inc. (Lansing PACE) is a Michigan nonprofit organization that operates a PACE in Lansing, Michigan and counties surrounding Lansing. Once an individual has been enrolled in a PACE, all of his or her medical needs must be provided, according to the participant plan, through the staff of the PACE and its network of providers. The Organization is a 20 percent member of Lansing PACE. Lansing PACE commenced operations in April 2015.
- Emmanuel Hospice is a joint venture agreement with St. Ann's Home, Inc.; Clark Retirement Communities, Inc.; and Sunset Manor, Inc. This joint venture provides hospice services to residents of the western Michigan area. Porter Hills Presbyterian Village, Inc. is an 18 percent member of Emmanuel Hospice.
- EHCO Group, LLC d/b/a Tandem 365 (Tandem 365) is a joint venture agreement with Clark Retirement Communities Inc.; Holland Home; Life EMS; and Sunset Manor, Inc. This joint venture partners with insurance companies insuring individuals in western Michigan to provide assistance to the individuals with health care coordination and other health care needs. Porter Hills Presbyterian Village, Inc. is a 20 percent member.
- Thome Rivertown Neighborhood Senior Non-Profit Housing Corporation d/b/a Rivertown Senior Apartments, of which the Organization is a 50 percent owner

Note 2 - Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. During the years ended June 30, 2022 and 2021, the Organization had cash balances that exceeded the insured limits.

Resident Accounts Receivable

Accounts receivable for residents, insurance companies, and governmental agencies are based on net charges. An allowance for uncollectible accounts is established based on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss-rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Organization's ability to collect outstanding amounts. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Accounts receivable for residents at July 1, 2020 was $4,143,668

Note 2 - Significant Accounting Policies (Continued)

Assets Limited as to Use

Assets limited as to use include assets designated by the board of trustees to fund benevolent care, future capital purchases, and endowment assets, which include amounts over which the board retains control and may, at its discretion, subsequently use for other purposes. Also included are unexpended assets that are time or purpose restricted by donors. Assets limited as to use also include deposits to a bond debt services reserve and bond sinking funds for the Series 2020, 2019, and 2013 limited obligation revenue bonds and deposits to regulatory reserves, as required by the DAAL and HUD Regulatory Agreements. The bond agreements required that assets be set aside for the payment of principal and interest related to the bonds. Assets limited as to use also include deposits made on future entrance fee contracts.

Investments

Investments in mutual funds and equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet and are considered trading securities. Fair value is primarily based on quoted market prices. Alternative investments in multistrategy and hedge funds are measured at net asset value (NAV) of the investment companies. Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends, is included as a component of the decrease in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Pledges Receivable

Pledges receivable include unconditional promises to give that are expected to be collected in future years. The pledges are recorded as contributions with donor restrictions at the present value of future cash flows. The discounts on the pledged amounts approximate current market rates at initial recognition. Amortization of the discounts is reported as contributions in the net assets with donor restrictions class.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs of maintenance and repairs are charged to expense when incurred.

Interest Rate Swaps

Interest rate swaps are recognized as assets or liabilities at fair value. Realized gains and losses on interest rate swaps are classified as a component of decrease in net assets without donor restrictions.

Note 2 - Significant Accounting Policies (Continued)

Debt Issuance Costs and Bond Issuance Premium

Deferred financing fees and a bond issuance premium were incurred by the Organization in connection with obtaining the bond financing. Debt issuance costs are recorded as a reduction to long-term debt and are amortized as an increase to interest expense ratably over the term of the debt. Debt issuance costs net of accumulated amortization are $2,290,805 and $2,253,355 at June 30, 2022 and 2021, respectively. Bond issuance premium net of accumulated amortization is $6,232,141 and $6,330,143 at June 30, 2022 and 2021, respectively. Amortization costs totaling $154,253 and $56,700 for 2022 and 2021, respectively, related to debt issuance costs are included in interest expense in the consolidated statement of activities. The bond issuance premium is recorded as an increase to long-term debt and is amortized as a reduction to interest expense ratably over the term of the debt.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Net Service Revenue

Resident care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from residents or third-party payors. The Organization considers any amounts not collected to represent an impairment loss or bad debt. Performance obligations are determined based on the nature of the services provided by the Organization. The majority of the Organization’s health care services represents a bundle of services that are not capable of being distinct and, as such, are treated as a single performance obligation satisfied over time as services are rendered.

Brio, Porter Hills, Home Health, Cook Valley, and Meadowlark

The Organization has concluded that each day that a resident receives services represents a separate contract and performance obligation based on the fact that residents have unilateral rights to terminate the contract with either advanced notice or a change in care needs with no penalty or compensation due. The Organization recognizes revenue under the residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts rather than allocating the consideration and separately accounting for it. The Organization has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 842-10-15-42 and has concluded that the nonlease components of the agreements with respect to their communities are the predominant component of the contracts; therefore, the Organization recognizes revenue for these residency agreements under ASC 606.

The Organization also provides certain ancillary services that are not included in the bundle of services and, as such, are treated as separate performance obligations satisfied over time as the services are rendered.

Note 2 - Significant Accounting Policies (Continued)

Entrance fee contracts generally contain two payment streams: the entrance fees and the monthly fees. Both the entrance fees and monthly fees are specified in the contract with the resident. The entrance fees are fixed amounts paid at the time the contract is signed and the resident takes occupancy. Entrance fees are a combination of refundable and nonrefundable.

Refundable entrance fees are those entrance fees that are guaranteed to be refunded regardless of when the contract is terminated. The refundable portion of entrance fees is not included in the transaction price, as the Organization expects to refund those amounts to residents. Nonrefundable entrance fees are those entrance fees that are refundable on a decreasing basis for a fixed period of time, at which point the entrance fees become nonrefundable and would be considered part of the transaction price.

The nonrefundable portion of the entrance fees represents a right to the resident of access to future services. This right is deemed to be the Organization's performance obligation. The nonrefundable portion is recorded as deferred revenue from entrance fees and is amortized to income using a time-based measurement to recognize revenue over the expected estimated resident life, beginning with the move-in date through the estimated remaining life of a resident.

The Organization recognizes the monthly fee component of entrance fees as revenue when the services for the month are performed (that is, the Organization satisfies the performance obligation).

The Organization determines the transaction price based on contractually agreed-upon amounts or rates. Variable consideration related to settlements is addressed below.

A summary of the payment arrangements with major third-party payors is as follows:

- **Medicare** - Services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon clinical assessments completed by the Organization that are subject to review and final approval by Medicare.
- **Medicaid** - Medicaid reimburses the Organization for routine service costs on a per diem basis, prospectively determined. The Medicaid payment is a cost-based reimbursement system that also includes a quality assurance supplement (QAS). The QAS is a reimbursement based on Medicaid occupancy and is related to the provider tax assessed to nursing homes.
- **Other** - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per diem, discounts from established charges, and prospectively determined daily rates.

Huron Valley PACE, Thome PACE, and LifeCircles

Huron Valley PACE, Thome PACE, and LifeCircles contract MDCH and Centers for Medicare & Medicaid Services (CMS) to provide Medicare and Medicaid services to participants who meet the following criteria:

- The participant is at least 55 years of age.
- The participant resides in the approved geographic area of the respective organization.
- The participant is certified as meeting the State of Michigan criteria for a nursing facility level of care.
- The participant will be able to remain safe in his or her home.

Note 2 - Significant Accounting Policies (Continued)

Performance obligations are determined based on Huron Valley PACE's, Thome PACE's, and LifeCircles' commitment to provide ongoing services and care coordination as they are needed by enrolled participants and, as such, are treated as a single performance obligation satisfied over time. Huron Valley PACE, Thome PACE, and LifeCircles have concluded that each month that a participant is eligible to receive services under the contract represents a separate contract and performance obligation based on the fact that participants have unilateral rights to terminate the contract after each month with no penalty or compensation due.

Huron Valley PACE, Thome PACE, and LifeCircles determine the transaction price based on contractually agreed-upon amounts or rates. Under the terms of the contracts, program service fees are collected for those participants who were enrolled in the program prior to the monthly cutoff. After the cutoff, participants are considered enrolled in the following month. MDCH will review and adjust payments semiannually based on the enrollment guidelines for the previous 12-month period. Service fees are based on set capitated rates determined annually by MDCH and CMS, prospectively set based on the collective historical frailty factor of enrollees. Under the contracts with the Michigan Department of Community Health (MDCH) and CMS, Huron Valley PACE, Thome PACE, and LifeCircles are responsible for providing care, as described within the contracts, above that which is covered by the capitated rate. Huron Valley PACE, Thome PACE, and LifeCircles make an initial and ongoing evaluation of a participant’s creditworthiness or obtain third-party verification of payment coverage and, as such, consider the credit risks they assume and any billed amounts not expected to be collected from participants or third parties for services rendered to represent bad debt expense.

The Organization

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations may result in significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Variable consideration may also exist in the form of settlements with third-party payors as a result of retroactive adjustments due to audits, reviews, or investigations. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity. The Organization has not applied a constraint to the transaction price for settlement estimates, as the Organization has determined that it is not probable that a significant reversal in the amount of the cumulative revenue recognized would occur in the future.

The Organization has applied the practical expedient provided by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 340-40-25-4, and all incremental customer contract acquisition costs are expensed as they are incurred, as the costs are insignificant.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as unrestricted contributions in the accompanying financial statements.

Grant Revenue

Revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Excess of Revenue (Under) Over Expenses

Excess of revenue (under) over expenses is considered the performance indicator in these financial statements. Changes in net assets without donor restrictions, which are excluded from excess of revenue (under) over expenses, consistent with industry practice, include, when applicable, transfers from (to) affiliates and net assets released from restrictions for capital purchases.

Income Taxes

No provision for income taxes has been included in the financial statements since the Organization is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code.

Charity Care

The Organization provides care to residents who meet certain criteria under its benevolent care policy without charge or at amounts less than its established rates. The Organization maintains records to identify and monitor the level of benevolent care it provides. The costs associated with benevolent care services include both direct costs and estimated indirect costs, as calculated by management. The level of benevolent care provided by the Organization, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately $1,082,000 and $948,000 for the years ended June 30, 2022 and 2021, respectively.

In addition, under arrangements with various governmental insurance programs, the Organization provides significant care to the local indigent population for which reimbursement for services rendered is generally less than the cost of providing such services. The Organization recognizes net service revenue to the extent of the Medicaid contractual rates. The difference between recognized net service revenue for Medicaid residents based upon established private-pay rates and the Medicaid contractual rates was approximately $2,790,000 and $3,450,000 during the years ended June 30, 2022 and 2021, respectively.

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing general health care and support services have been reported on a functional basis in Note 20. The Organization provides general health care services to residents within its geographic location, including skilled nursing services, home care, rehabilitation, assisted living, and independent living. The consolidated financial statements report certain categories of expenses that are attributable to more than one function. These expenses are allocated based on reasonable estimates. The expenses that are allocated are salaries and wages and employee benefits and payroll taxes based on time and effort, as well as depreciation, which is allocated on a square footage basis. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncement

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*. The standard provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The standard applies only to contracts, hedging relationships, and other transactions that reference LIBOR or other reference rates expected to be discontinued because of reference rate reform. The standard is effective for March 12, 2020 through December 31, 2022.

Reclassification

Certain 2021 consoldated balance sheet amounts have been reclassified to conform to the 2022 presentation, which consisted of the following: approximately $148,000 of accounts receivable were classified as estimated third-party settlement receivables; approximately $546,000 of accrued health care claims were classified as accounts payable; and approximately $1,155,000 and $1,132,000 of assets reserved for regulatory requirements were classified as other current assets and other noncurrent assets, respectively. The accounts receivable have been reclassified to accounts receivable on the consolidated balance sheet. The accrued health care claims have been reclassified as accrued liabilities and other on the consolidated balance sheet. The assets reserved for regulatory requirements have been reclassified as assets limited as to use on the consolidated balance sheet.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 28, 2022, which is the date the consolidated financial statements were available to be issued.

Note 3 - Resident Accounts Receivable and Net Service Revenue

The details of resident accounts receivable as of June 30 are set forth below:

	2022	2021
Resident accounts receivable	$ 5,716,280	$ 5,581,202
Less allowance of uncollectible accounts	(322,181)	(630,111)
Net resident accounts receivable	$ 5,394,099	$ 4,951,091

Note 3 - Resident Accounts Receivable and Net Service Revenue (Continued)

The Organization provides services without collateral to residents, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from residents and third-party payors was as follows:

	2022	2021
Medicare and Medicare Advantage	33 %	55 %
Medicaid	13	12
Private	54	33
Total	100 %	100 %

The Organization disaggregates revenue from contracts with customers by payor types and service lines. The Organization has determined that the disaggregation of revenue into these categories achieves the disclosure objective to depict the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Tables providing details of these factors are presented below.

The composition of net service revenue by primary payor for the years ended June 30 is as follows:

	2022	2021
Private	$ 45,052,170	$ 40,788,546
Medicaid	45,145,916	41,557,704
Medicare and Medicare Advantage	50,690,319	47,931,485
Total net service revenue	$ 140,888,405	$ 130,277,735

Revenue from residents' deductibles and coinsurance is included in the categories presented above based on the primary payor.

The composition of net service revenue based on the Organization's lines of business for the years ended June 30 is as follows:

	2022	2021
Independent living	$ 18,231,413	$ 16,931,650
Assisted living	21,851,987	19,387,391
Skilled nursing	20,824,656	20,699,036
Home health care	3,143,407	3,356,195
PACE services	76,836,942	69,903,463
Total	$ 140,888,405	$ 130,277,735

Note 4 - Pledges Receivable

Pledges receivable consist of unconditional promises to give as follows as of June 30:

	2022	2021
Amounts due in:		
Less than one year	$ 633,621	$ 1,076,663
One to five years	787,772	690,063
More than five years	1,981,180	1,338,951
Less allowance	(198,425)	(60,644)
Less unamortized discount	(592,374)	(217,105)
Total	$ 2,611,774	$ 2,827,928

Note 4 - Pledges Receivable (Continued)

Promises due in one to five years were discounted using a rate of 3.5 percent at June 30, 2022 and 2021. Promises due in more than five years were discounted using the 10-year Treasury rate (2.97 and 1.45 percent at June 30, 2022 and 2021, respectively). Promises due in less than one year were not discounted.

Note 5 - Assets Limited as to Use

Assets limited as to use have been designated by the board of trustees for specific purposes or included in endowment funds. The balance of investments held in these funds as of June 30 is summarized in the following schedule:

	2022	2021
Cash and investments designated by the board of trustees for various purposes, including benevolent care, capital outlay, endowment assets, and other	$ 35,389,459	$ 35,673,759
Purpose-restricted assets - Donor restrictions for specific programs or capital improvements	3,041,855	4,874,606
Permanently restricted endowment funds	14,887,731	12,238,553
Debt service reserve fund, Series 2013 limited obligation revenue bonds	757,793	757,548
Debt service reserve fund, Series 2019 limited obligation revenue bonds	1,733,487	1,736,165
Debt service reserve fund, Series 2020 limited obligation revenue bonds	4,068,318	4,095,188
Reserves for regulatory requirement	2,223,779	2,287,226
Life lease escrow	243,431	288,458
Thome PACE financing arrangement	-	100,000
Under escrow agreement - Held for Avenues by Porter Hills entrance fees	158,651	158,620
Total assets limited as to use	62,504,504	62,210,123
Less current portion	78,700	178,662
Total long-term assets limited as to use	$ 62,425,804	$ 62,031,461

Assets limited as to use, stated at fair value (as further disclosed in Note 17), at June 30 include the following:

	2022	2021
Cash	$ 2,700,677	$ 452,249
Cash reserves for regulatory requirement	2,223,779	2,287,226
Domestic equity investments	13,800,738	16,373,346
International equity investments	9,391,583	11,633,479
Debt investments	28,669,731	23,871,411
Multistrategy and hedge funds	5,717,996	7,592,412
Total	$ 62,504,504	$ 62,210,123

Note 5 - Assets Limited as to Use (Continued)

Investment income (loss) and realized and unrealized gains (losses) on investments are reported as follows for the years ended June 30:

	2022	2021
Interest and dividend income - Without donor restrictions	$ 996,863	$ 1,145,724
Interest and dividends - With donor restrictions	420,923	751,653
Net realized gain on sale of investments - Without donor restrictions	3,666,904	2,219,498
Net realized gain on sale of investments - With donor restrictions	2,164,254	1,171,093
Net unrealized (loss) gain on investments - Without donor restrictions	(8,392,889)	3,617,138
Net unrealized (loss) gain on investments - With donor restrictions	(4,954,209)	2,129,760
Investment advisory fees - Without donor restrictions	(151,591)	(62,968)
Total investment (loss) income	$ (6,249,745)	$ 10,971,898

Note 6 - Property and Equipment

Property and equipment as of June 30 are summarized as follows:

	2022	2021	Depreciable Life - Years
Land and land improvements	$ 22,881,971	$ 22,630,301	0-20
Buildings and building improvements	330,188,337	327,371,844	10-40
Furniture, fixtures, and equipment	66,703,217	61,903,540	5-10
Construction in progress	1,788,216	521,482	-
Total cost	421,561,741	412,427,167	
Accumulated depreciation	195,821,858	179,341,317	
Net property and equipment	$ 225,739,883	$ 233,085,850	

Subsequent to June 30, 2022, the Organization entered into a construction contract with total capital commitments of approximately $5,000,000.

Note 7 - Accrued Liabilities

The following is the detail of accrued liabilities:

	2022	2021
Accrued salaries and wages	$ 789,087	$ 2,360,406
Accrued employee benefits and payroll taxes	1,667,779	2,250,737
Accrued interest	1,105,157	875,404
Other accrued liabilities	9,038,007	10,101,238
Total	$ 12,600,030	$ 15,587,785

Note 8 - Line of Credit

Under a line of credit agreement with a financial institution, the Organization has available borrowings of $10,000,000. Borrowings are collateralized by certain building, land, and investments of the Organization. The agreement expires on September 24, 2023, at which time all outstanding principal is due. Interest accrued monthly at 190 basis points above the one-month LIBOR, with an effective rate of 3.69 and 2.00 percent at June 30, 2022 and 2021, respectively. The line of credit agreement balance fluctuates between zero and fully drawn throughout the year based on the needs of the Organization, with no outstanding balance as of June 30, 2022 and 2021.

Note 8 - Line of Credit (Continued)

Thome PACE

Under a line of credit agreement with a bank, Thome PACE has available borrowings of $250,000. The related promissory note bears interest at prime plus 150 basis points (effectively, 6.25 and 4.75 percent at June 30, 2022 and 2021, respectively) with a maturity date of September 30, 2022. Thome PACE is in the process of working with the bank to extend the maturity of the line of credit agreement. The line of credit is collateralized by all real and personal property and accounts receivable of Thome PACE. There were no outstanding borrowings on the line of credit at June 30, 2022 and 2021.

Note 9 - Long-term Debt

Long-term debt at June 30 is as follows:

	2022	2021
Series 2012 Economic Development Corporation of the Village of Chelsea Limited Obligation Refunding Revenue Bonds (Series 2012 Bonds), collateralized by all assets of the Obligated Group, with a final maturity of November 15, 2027. Concurrent with the issuance of the Series 2012 Bonds, a bank purchased the Series 2012 Bonds pursuant to a bond owner agreement. Under the terms of the bond owner agreement, interest is payable monthly at a variable rate equal to 65 percent of the London Interbank Offered Rate (LIBOR) index plus 153 basis points (effectively 2.16 and 1.06 percent at June 30, 2022 and 2021, respectively), plus monthly principal payments ranging from $55,000 to $70,000. An interest rate swap, as described in Note 10, was entered into that synthetically fixes the interest rate on 50 percent of the outstanding principal balance of the Series 2012 Bonds. The interest rate swap expires on November 15, 2027	$ 4,100,000	$ 4,760,000
Series 2013 Michigan Strategic Fund Limited Obligation Revenue Refunding Bonds (Series 2013 Bonds), collateralized by all assets of the Organization. Interest is due in semiannual installments at a fixed rate of 6.25 percent, plus annual principal payments ranging from $440,000 to $760,000 beginning in 2034 through the final maturity date of November 15, 2043	5,875,000	5,875,000
Series 2014 Economic Development Corporation of the City of Dexter Limited Obligation Refunding Revenue Bonds (Series 2014 Bonds), collateralized by all assets of the Obligated Group, with a final maturity of January 1, 2041 and subject to a mandatory tender date of December 16, 2024. Concurrent with the issuance of the Series 2014 Bonds, a bank purchased the Series 2014 Bonds pursuant to a bond owner agreement. Under the terms of the bond owner agreement, interest is payable monthly at a variable rate equal to 67 percent of the LIBOR index plus 164 basis points (effectively 2.30 and 1.17 percent at June 30, 2022 and 2021, respectively), plus monthly principal payments ranging from approximately $30,000 to $52,000. An interest rate swap, as described in Note 10, was entered into that synthetically fixes the interest rate on 50 percent of the outstanding principal balance of the Series 2014 Bonds. The interest rate swap expires on December 5, 2024	9,041,118	9,403,694

Note 9 - Long-term Debt (Continued)

	2022	2021
Series 2019 Michigan Strategic Fund Limited Obligation Refunding Revenue Bonds (Series 2019 Bonds), collateralized by all assets of the Organization. Interest is due in semiannual installments at fixed rates ranging from 4 percent to 5 percent, plus annual principal payments ranging from $10,000 to $2,020,000 through the maturity date of November 15, 2049	$ 16,770,000	$ 16,990,000
Series 2020 Michigan Strategic Fund Limited Obligation Refunding Revenue Bonds (Series 2020 MSF Bonds), collateralized by all assets of the Organization. Interest is due in semiannual installments at fixed rates ranging from 4 to 5 percent, plus annual principal payments ranging from $105,000 to $1,220,000 through the maturity date of May 15, 2044	15,165,000	15,310,000
Series 2020 Economic Development Corporation of the Charter Township of Grand Rapids Limited Obligation Refunding Revenue Bonds (Series 2020 EDC Bonds), collateralized by all assets of the Organization. Interest is due in semiannual installments at fixed rates ranging from 4 to 5 percent, plus annual principal payments ranging from $135,000 to $2,440,000 through the maturity date of May 15, 2044	31,395,000	31,535,000
Note payable to a bank, collateralized by all assets of the Organization. Interest is due in monthly installments at a fixed rate of 2.60 percent, plus annual principal payments ranging from $65,000 to $80,000 through the maturity date of May 5, 2025	2,400,000	3,360,000
Series 2018 Michigan Strategic Fund Variable Rate Limited Obligation Revenue Bonds (Series 2018 Bonds), collateralized by all assets of Huron Valley PACE and guaranteed by the Organization. The Series 2018 bonds were subsequently purchased by a financial institution pursuant to a bond owner agreement. Under the terms of the bond owner agreement, principal payments began on January 1, 2020 and are due monthly, following a 24-month interest-only period, through the mandatory tender date of January 4, 2028. The Series 2018 Bonds bear a variable interest rate of 83 percent of LIBOR plus 165 basis points (effectively 12.27 and 1.45 percent at June 30, 2022 and 2021, respectively)	4,344,062	4,541,671
LifeCircles had a note payable to a financial institution that bears interest at the one-month LIBOR plus 3.00 percent per annum in 2021 (an effective interest rate of 3.10 at June 30, 2021). Monthly payments of principal and interest of $64,548, plus additional principal, were due quarterly, totaling 50 percent of a defined excess cash flow calculation, which is subject to meeting a minimum liquidity threshold. During 2022, LifeCircles paid the note in full. The note was collateralized by a mortgage on substantially all assets of LifeCircles and was guaranteed up to $6 million by Porter Hills and Trinity Health Systems	-	1,947,538

Note 9 - Long-term Debt (Continued)

	2022	2021
Series 2014 Michigan Strategic Fund Variable Rate Limited Obligation Revenue Bonds (Series 2014 MSF Bonds), collateralized by all assets of Thome PACE and guaranteed by the Organization. The Series 2014 MSF Bonds were purchased by Chelsea State Bank pursuant to a bond purchase and continuing covenant agreement. Principal payments began on January 1, 2020 and are due monthly, following a 24-month interest-only period, until final maturity on December 1, 2029. The Series 2014 MSF Bonds bear an interest rate of 3 percent through December 1, 2024, at which time the interest rate will become variable at the Federal Home Loan Bank of Indianapolis advance rate plus 70 basis points	$ 2,638,086	$ 3,480,820
DAAL entered into a loan agreement in April 2012 for the principal amount of $2,000,000. Interest is charged at a rate of 1 percent, commencing in March 2015. Annual principal payments of $1,200 are due in 49 equal installments. On the maturity date, a final payment in an amount equal to the entire outstanding balance and accrued interest is due	1,991,600	1,991,600
DAAL entered into a loan agreement in April 2013 for $1,273,944. The loan is non-interest bearing and is due in its entirety in February 2065. The loan is secured by the mortgage dated April 11, 2012	1,273,944	1,273,944
DAAL entered into a loan agreement in December 2013 for $554,543. The loan is non-interest bearing and is due in its entirety in February 2065. The loan is secured by the mortgage dated April 11, 2012	554,543	554,543
DAAL entered into a HOME loan agreement with the Charter County of Wayne, Michigan (the "County") in February 2012 to provide $500,000. The loan is non-interest bearing. Principal will be payable commencing on the first day of the first month after the expiration of the affordability period. If the borrower complies with the terms in the loan agreement for the period of affordability, then the principal amount of $500,000 may be forgiven at the option of the County. The note is secured by a fourth priority mortgage agreement	500,000	500,000
DAAL entered into a HOME loan agreement with MSHDA in December 2011 to provide $2,000,000. Interest is charged at a rate of 3 percent, with a maturity date of December 2051. No principal payments on the note will be required as long as any deferred developer fee remains unpaid. The note is secured by a second priority mortgage agreement	2,000,000	2,000,000
DAAL has a non-interest-bearing promissory note issued on November 7, 2011 due to Presbyterian Villages of Michigan (PVM) on November 7, 2061. The note is secured by an unrecorded mortgage held in escrow by the law offices of Dykema Gossett PLLC. No principal payments are due until the maturity date of the note except upon PVM's election with a 30-day notice or upon the occurrence of a default	332,500	332,500
Unamortized premium	6,232,141	6,330,143
Unamortized debt issuance costs	(2,290,805)	(2,253,355)
Long-term debt less unamortized premium and debt issuance costs	102,322,189	107,933,098
Less current portion	3,098,691	4,841,584
Long-term portion	$ 99,223,498	$ 103,091,514

Note 9 - Long-term Debt (Continued)

The balance of the above debt matures as follows:

Years Ending	Amount
2023	$ 3,098,691
2024	3,073,116
2025	10,874,913
2026	2,826,610
2027	2,933,407
Unamortized net premium	6,232,141
Unamortized debt issuance cost	(2,290,805)
Thereafter	75,574,116
Total	$ 102,322,189

Under the agreements with the banks, the Organization and its affiliates are subject to various financial covenants with respect to liquidity, additional indebtedness, debt service coverage, and others. Management believes the Organization is in compliance with all covenants at June 30, 2022.

Note 10 - Derivatives

The Organization is exposed to certain risks in the normal course of its business operations. The Organization manages risks relating to the variability of future cash flows through the use of derivatives. The only derivative instrument used by the Organization are interest rate swap agreements. The interest rate swap agreements are used by the Organization to manage the risk associated with interest rates on variable rate borrowings. Hedge accounting is not used for the interest rate swap agreements held by the Organization. The interest rate swap agreements are reported in the consolidated balance sheet at fair value.

As of June 30, 2022 and 2021, the Organization held interest rate swap agreements on which the Organization received variable rates and paid fixed rates, with details identified in the tables below. The difference between the rates is recorded as a realized gain or loss in the consolidated statement of activities, as noted in the table below, as an adjustment to interest expense. The Organization has recorded the fair value of the interest rate swap agreements, which resulted in an asset of $32,967 and a liability of $318,783 at June 30, 2022 and 2021, respectively. The change in fair value of the interest rate swap agreement is recorded as a nonoperating activity in the consolidated statement of activities, as noted in the table below.

At June 30, the Organization had the following interest rate swap agreements:

Counterparty	Maturity Date	Fixed Rate Paid	Variable Rate Received	2022 - Notional Amount	2021 - Notional Amount
Huntington Bank	December 5, 2024	1.695%	67 percent of one-month LIBOR	$ 4,520,558	$ 4,701,812
Huntington Bank	November 15, 2027	1.83%	65 percent of one-month LIBOR	2,050,000	2,380,000

The amounts recognized in the (decrease) increase in net assets without donor restrictions for derivatives not designated as hedging instruments are as follows:

	2022	2021	Reported in Consolidated Statement of Activities as
Change in fair value	$ 351,751	$ 345,653	Change in fair value of interest rate swap agreement
Realized loss	(111,488)	(390,829)	Interest expense
Total	$ 240,263	$ (45,176)	

Note 11 - Leases

Lease for Muskegon Facility

In January 2015, LifeCircles entered into operating lease agreements with Senior Resources, a related party, and two unrelated parties, where the Organization leases certain portions of the building to the identified parties. The terms of the lease agreements include base rent through December 2015 and renew annually at the base rent, adjusted by the Consumer Price Index. The lease agreements are able to be canceled by either party after the initial one-year term. Rental income of $52,014 and $50,046 from Senior Resources and $115,138 and $108,529 from unrelated parties was recognized for the years ended June 30, 2022 and 2021, respectively.

Lease for Holland Facility

The Organization leases its Holland facility from a third party under a long-term lease agreement, which is classified as a finance lease. Under the terms of the lease agreement, payments are due monthly through June 30, 2025, with the option to extend the lease for two additional five-year terms. The discount rate for the finance lease is 5.43 percent at June 30, 2022 and 2021. The terms of the lease call for monthly rental payments of $19,576 with scheduled increases through June 2018, at which time the rental payments are adjusted based on the Consumer Price Index. The Organization received a lease incentive of $250,000 at the inception of the lease, which is recorded as a liability for deferred revenue on the consolidated balance sheet and amortized over the life of the lease on a straight-line basis. The unamortized portion of the deferred lease incentive was $75,000 and $100,000 at June 30, 2022 and 2021, respectively.

For the year ended June 30, 2022, amortization, net of $25,000 of amortization of deferred lease incentives, and interest expense were $177,759 and $42,118, respectively. For the year ended June 30, 2021, amortization, net of $25,000 of amortization of deferred lease incentives, and interest expense were $174,649 and $52,174, respectively.

Future minimum annual commitments under the finance lease are as follows:

Years Ending June 30	Amount
2023	$ 238,814
2024	242,771
2025	246,788
Less amount representing interest	(59,171)
Total	$ 669,202

Note 12 - Entrance Fee Contracts

The Organization offers a type B and C independent living life lease contracts to incoming residents, with refundable options ranging from 0 to 90 percent. The obligations under these contracts are as follows:

Deferred Life Lease Income

Deferred life lease income represents remaining unamortized nonrefundable entrance fees paid by a resident upon entering into a continuing care agreement and is amortized to income using the straight-line method over the greater of the estimated remaining life expectancy of the resident or state law. Amortization of entrance fee revenue totaled $4,343,644 and $4,214,977 for the years ended June 30, 2022 and 2021, respectively.

Note 12 - Entrance Fee Contracts (Continued)

Refundable Advances on Life Leases

Refundable advances on life leases represent the refundable portion of the entrance fee paid to Chelsea Retirement Community, Cedars of Dexter, Porter Hills, and Cook Valley residents. The refundable notes are non-interest bearing and are refundable to the resident upon the earlier of occupancy by another resident or an identified period of time from the end of the resident's occupancy based on contract terms.

The balance of entrance fee contract liabilities as of June 30 is as follows:

	2022	2021
Deferred life lease income	$ 23,683,237	$ 26,833,425

	2022	2021
Refundable advances on life leases	$ 53,191,474	$ 47,588,948
Less current portion	(5,153,300)	(5,183,900)
Long-term portion	$ 48,038,174	$ 42,405,048

Note 13 - Retirement Plans

Defined Contribution Retirement Plans

The Organization sponsored two defined contribution retirement plans, one for employees of Porter Hills Presbyterian Villages, Inc. and one for nonunion employees of United Methodist Retirement Communities, Inc. d/b/a Brio Living Services. The Porter Hills Presbyterian Villages, Inc. plan provides for a safe harbor matching contribution formula where the employer matches 100 percent of elective contributions up to 3 percent and 50 percent of elective contributions in excess of 3 percent, up to 5 percent of the participants' eligible compensation (match not to exceed 4 percent of the participant’s eligible compensation). The United Methodist Retirement Communities, Inc. plan matches 100 percent of contributions for nonunion employees up to 5 percent of the employees' elective contributions. Employer matching contributions to the plan totaled approximately $1,920,000 and $1,661,000 for the years ended June 30, 2022 and 2021, respectively. During 2021, the Organization elected to terminate the Porter Hills Presbyterian Villages, Inc. plan effective December 31, 2020. The employees of Porter Hills became eligible to join the United Methodist Retirement Communities, Inc. d/b/a Brio Living Services plan effective January 1, 2021.

Multiemployer Defined Benefit Pension Plan

The Organization participates in the SEIU National Industry Pension Plan - United States (the "Pension Plan"), a multiemployer defined benefit retirement plan for the benefit of all employees covered under the service and maintenance unit based on employee hours worked. The plan number and employer identification number of the Pension Plan are 001 and 52-6148540, respectively, and the collective bargaining agreement, which requires organization participation in the Pension Plan, expires on December 31, 2022. The position of the Organization relative to other contributors to the multiemployer plan has not been determined with respect to plan assets and accumulated benefits. In the event of a withdrawal from the Pension Plan and certain other conditions, a contributor to a multiemployer plan may be liable to the Pension Plan for a portion of the underfunded status.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Note 13 - Retirement Plans (Continued)

- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

The Organization's contribution to the Pension Plan was $143,381 and $190,098 for the years ended June 30, 2022 and 2021, respectively. Based on the latest plan information as of December 31, 2021, the year end of the Pension Plan, the Organization's contributions to the Pension Plan represent less than 1 percent of total contributions received by the Pension Plan.

As of June 30, 2022 and 2021, the certification zone status of the plan, as defined by the Department of Labor Pension Protection Act, was red, in critical status, indicating the following:

- The plan is less than 65 percent funded, and it is projected not to have sufficient assets to pay promised benefits within seven years.
- The plan has an accumulated funding deficiency for the current plan year or is projected to have an accumulated funding deficiency for any of the three succeeding plan years (four years if the plan is less than 65 percent funded).
- The plan is projected not to have sufficient assets to pay promised benefits within five years.
- (a) The present value of benefits for inactive participants is greater than the present value of the benefits for active participants, (b) its expected contributions are less than the sum of its normal cost and the interest on its unfunded liabilities, and (c) the plan will have a funding deficiency within five years.

If the Organization withdraws its participation in the Pension Plan, the Organization could, under the terms of the plan, be subject to a penalty. In addition, to the extent that the Pension Plan is underfunded, the Organization's future contributions to the plan may increase to cover retirement benefits of employees of other companies participating in the plan.

Note 14 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2022	2021
Donor restricted for specific program use	$ 2,512,686	$ 4,422,743
Capital expenditures	433,407	342,256
Builder fund	95,762	109,607
Pledges receivable	2,611,774	2,827,928
Beneficial interest in trust	1,413,795	1,327,748
Held in perpetuity - Donor-restricted endowments	14,887,731	12,238,553
Total	$ 21,955,155	$ 21,268,835

Note 15 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. All income generated from restricted assets is classified as restricted income in the consolidated statement of changes in net assets and is released from restriction upon the Organization meeting the donor-imposed restrictions.

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The board of trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) investment earnings on the donor-restricted endowment funds until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 13,977,304	$ -	$ 13,977,304
Donor-restricted endowment funds	-	18,346,292	18,346,292
Total	$ 13,977,304	$ 18,346,292	$ 32,323,596

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 14,231,189	$ 15,644,756	$ 29,875,945
Changes in value of assets limited as to use	(2,428,915)	(905,974)	(3,334,889)
Contributions	2,241,985	4,282,178	6,524,163
Appropriation of endowment assets for expenditure	(66,955)	(674,668)	(741,623)
Endowment net assets - End of year	$ 13,977,304	$ 18,346,292	$ 32,323,596

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 14,231,189	$ -	$ 14,231,189
Donor-restricted endowment funds	-	15,644,756	15,644,756
Total	$ 14,231,189	$ 15,644,756	$ 29,875,945

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 11,787,800	$ 11,628,817	$ 23,416,617
Changes in value of assets limited as to use	1,952,943	4,031,676	5,984,619
Contributions	1,719,623	1,323,689	3,043,312
Appropriation of endowment assets for expenditure	(1,229,177)	(1,339,426)	(2,568,603)
Endowment net assets - End of year	$ 14,231,189	$ 15,644,756	$ 29,875,945

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2022 and 2021.

Return Objectives and Risk Parameters

The Organization has an investment committee made up of board members and other community advisors. The investment committee directs investment strategies through an investment policy statement. Also, 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 endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return 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).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year the earnings from the endowment funds to be used for the intended purpose identified by the board and donors. Spending for board-designated noncapital purposes of unrestricted board-designated endowment funds is set at 5 percent of the average value of endowment investments, plus an allocation of investment management fees and general operating expenses. Spending for board-designated capital expenditures of unrestricted board-designated endowment funds is set at the discretion of the board.

Note 16 - Fund Held at the Community Foundation for Southeast Michigan

The Organization has certain funds donated by outside donors for the benefit of the Organization that are held and managed by the Community Foundation for Southeast Michigan (CFSEM). Such contributions are subject to variance power maintained by CFSEM and, therefore, are not recognized on the consolidated balance sheet. The fair value of these funds was $2,802,285 and $3,318,782 at June 30, 2022 and 2021, respectively. Earnings are available for operations at the discretion of CFSEM and are treated as contributions in the year received. Contributions received for the years ended June 30, 2022 and 2021 are $131,265 and $126,749, respectively.

Note 17 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Note 17 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Assets				
Assets limited as to use:				
Domestic equity securities	$ 13,800,738	$ -	$ -	$ 13,800,738
International equity securities	9,391,583	-	-	9,391,583
Debt securities	-	28,669,731	-	28,669,731
Total assets limited as to use	23,192,321	28,669,731	-	51,862,052
Beneficial interest in trusts	-	-	1,413,795	1,413,795
Interest rate swap agreement	-	32,967	-	32,967
Total	$ 23,192,321	$ 28,702,698	$ 1,413,795	53,308,814
Assets limited as to use measured at NAV - Multistrategy and hedge funds				5,717,996
Total assets				$ 59,026,810

Note 17 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Assets				
Assets limited as to use:				
Domestic equity securities	$ 16,373,346	$ -	$ -	$ 16,373,346
International equity securities	11,633,479	-	-	11,633,479
Debt securities	-	23,871,411	-	23,871,411
Total assets limited as to use	28,006,825	23,871,411	-	51,878,236
Beneficial interest in trusts	-	-	1,327,748	1,327,748
Total	$ 28,006,825	$ 23,871,411	$ 1,327,748	53,205,984
Assets limited as to use measured at NAV - Multistrategy and hedge funds				7,592,412
Total assets				$ 60,798,396
Liabilities - Interest rate swap agreements	$ -	$ 318,783	$ -	$ 318,783

The fair value of the interest rate swap agreement at June 30 was determined primarily based on Level 2 inputs. The Level 2 inputs used in estimating the fair value of the interest rate swap agreement include the notational amount, effective interest rate, and maturity date.

The fair value of the beneficial interest in trusts at June 30, 2022 and 2021 was determined based on the present value of the future cash flows using management's best estimate of key assumptions provided by the trustee.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2022 and 2021 are as follows:

Balance at July 1, 2021	$ 1,327,748
Change in interest and present value of trusts	86,047
Balance at June 30, 2022	$ 1,413,795
Balance at July 1, 2020	$ 1,465,127
Change in interest and present value of trusts	(137,379)
Balance at June 30, 2021	$ 1,327,748

Investments in Entities that Calculate Net Asset Value per Share

The Organization holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

Note 17 - Fair Value Measurements (Continued)

At June 30, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2022	June 30, 2021	June 30, 2022		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
BlackRock Appreciation	$ 152,339	$ 2,549,984	$ -	Quarterly	93 days
Weatherlow Offshore	151,446	3,189,840	-	Quarterly	65 days
ABS Offshore	88,393	1,852,588	-	Daily	45 days
SEI Special Situations Fund	2,700,000	-	-	Semiannual	95 days
SEI Structured Credit Fund	2,625,818	-	-	Quarterly	65 days
Total	$ 5,717,996	$ 7,592,412	$ -		

BlackRock Appreciation, Weatherlow Offshore, ABS Offshore, SEI Special Situations, and SEI Structured Credit include a diversified portfolio of non-U.S. stocks of high-quality companies, with the objective of achieving long-term capital appreciation.

Note 18 - Related Party Transactions

The following is a description of transactions between the Organization and related parties:

Accounts Receivable

The details of related party accounts receivable at June 30 are as follows:

	2022	2021
Sylvan Pines	$ 72,046	$ 23,588
Other	37,261	82,490
Total accounts receivable - Affiliates	$ 109,307	$ 106,078

Accounts Payable

The details of related party accounts payable at June 30 are as follows:

	2022	2021
Trinity Health Systems	$ -	$ 29,320
Senior Resources	-	119
Other	-	2,142
Total accounts payable - Affiliates	$ -	$ 31,581

Note 18 - Related Party Transactions (Continued)

Investments in and Loans Due from Related Organizations

Investments in and loans due from related organizations reported in the consolidated balance sheet as a long-term asset at June 30, 2022 and 2021 are as follows:

	2022	2021
Note receivable from Lansing PACE	$ 460,086	$ 507,294
Investment in SMOC	5,174,775	5,948,619
Investment in Emmanuel Hospice	446,917	439,699
Investment in Tandem 365	187,108	192,632
Total investment in and loans due from related organizations	$ 6,268,886	$ 7,088,244

(Loss) gain on investments in joint ventures for the years ended June 30, 2022 and 2021 was $(438,179) and $3,206,455, respectively.

Management Fee Revenue

Management fee revenue, included in other operating revenue, from related parties for management and financial services for the years ended June 30 is as follows:

	2022	2021
Sylvan Pines	$ 69,651	$ 62,401

Developer Fee

Developer fees are payable to an affiliate of the general partner for services rendered in negotiating, coordinating, and supervising the planning, architectural, engineering, and construction services necessary for construction of the DAAL rental housing project. The development agreement specifies total payment of $1,538,741. The developer fees are capitalized as part of the building and improvements and have been earned and recognized in accordance with the development fee arrangement. As of June 30, 2022 and 2021, $665,029 of these developer fees is considered deferred and is payable from cash flow, as defined in the agreement. No interest is accrued or accumulated on any deferred developer fees.

Operating Deficit Guarantee

As provided for in the DAAL partnership agreement, in the event that, at any time during the term of the partnership agreement, (i) an operating deficit exists and (ii) the general partner does not make an operating deficit contribution to DAAL pursuant to the partnership agreement, the limited partner shall advance funds to the general partner in the amount necessary for the general partner to make the required operating deficit contribution up to the maximum amount, as set forth in the partnership agreement.

Note 19 - Contingencies

DAAL's low-income housing tax credit is contingent on its ability to maintain compliance with applicable sections of Section 42 Low Income Housing Tax Credit program. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credit plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

Note 19 - Contingencies (Continued)

The Organization entered into capital advances with the U.S. Department of Housing and Urban Development, which was used to assist in financing the construction of projects in accordance with the provisions of Section 202 of the Housing Act of 1959. The capital advances bear no interest, are not required to be repaid as long as the housing remains available to eligible very low-income elderly households for a period of 40 years, and will expire at various times through 2046. The Organization is subject to the additional requirements of the HUD Section 202 program. If default occurs, then HUD, at its option, may accelerate the entire principal balance and charge interest at a specified interest rate. The Organization has recognized the capital advance as income in a previous year and intends to comply with the time requirement and Section 202. The capital advance is collateralized by certain land and buildings of the Organization.

The balance of the capital advances at June 30 is as follows:

	2022	2021
Bailey's Grove	$ 2,949,676	$ 2,949,676
Harvest Way	2,875,200	2,875,200
Oak Ridge	2,728,026	2,728,026
River Grove	2,913,800	2,913,800
Station Creek	3,510,200	3,510,200
Walker Meadow	2,389,557	2,389,557
Total capital advances	$ 17,366,459	$ 17,366,459

Note 20 - Functional Expenses

Expenses related to providing these services for the year ended June 30, 2022 are as follows:

	Health Care Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 41,938,322	$ 11,597,643	$ 1,018,323	$ 54,554,288
Employee benefits and payroll taxes	9,608,896	3,358,592	177,220	13,144,708
Operating supplies and expenses	7,046,772	833,198	-	7,879,970
Professional services and consultant fees	43,204,798	3,876,923	432,074	47,513,795
Repairs and maintenance	1,761,988	25,023	-	1,787,011
Utilities	3,089,192	664,403	-	3,753,595
Depreciation	16,306,283	252,915	30,753	16,589,951
Interest	4,088,561	38,581	-	4,127,142
Property taxes	1,911,029	-	-	1,911,029
Amortization of right-of-use asset	177,759	-	-	177,759
Provision for bad debts	273,568	-	-	273,568
Quality assurance assessment	987,983	-	-	987,983
Other	3,313,826	3,087,778	664,293	7,065,897
Total	$ 133,708,977	$ 23,735,056	$ 2,322,663	$ 159,766,696

Note 20 - Functional Expenses (Continued)

Expenses related to providing these services for the year ended June 30, 2021 are as follows:

	Health Care Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 37,426,866	$ 10,720,922	$ 919,123	$ 49,066,911
Employee benefits and payroll taxes	7,707,346	2,862,286	229,119	10,798,751
Operating supplies and expenses	5,515,383	799,972	85,530	6,400,885
Professional services and consultant fees	39,268,874	4,805,240	208,311	44,282,425
Repairs and maintenance	2,332,479	74,422	-	2,406,901
Utilities	2,453,302	705,998	-	3,159,300
Depreciation	15,545,884	522,754	31,953	16,100,591
Interest	3,759,473	254,334	-	4,013,807
Property taxes	1,750,438	14,628	-	1,765,066
Amortization of right-of-use asset	174,649	-	-	174,649
Provision for bad debts	490,403	-	-	490,403
Quality assurance supplement	1,025,055	-	-	1,025,055
Other	4,669,795	3,166,561	126,052	7,962,408
Total	$ 122,119,947	$ 23,927,117	$ 1,600,088	$ 147,647,152

Note 21 - Liquidity and Availability of Resources

The Organization has $28,685,616 and $33,685,290 of financial assets available within one year of June 30, 2022 and 2021, respectively, to meet cash needs for general expenditure consisting of cash of $23,182,210 and $28,628,121, resident accounts receivable of $5,394,099 and $4,951,091, and accounts receivable - affiliates of $109,307 and $106,078, respectively. In addition, the Organization has $35,389,459 and $35,673,759 of board-designated assets at June 30, 2022 and 2021, respectively, that could be made available for general expenditure subject to the direction of the board. The Organization also has a $10,000,000 line of credit agreement, as disclosed in Note 8, available for general expenditures as needed. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, $23,596,000 and $21,624,000 at June 30, 2022 and 2021, respectively. The Organization has a process to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 22 - Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. During the last quarter of fiscal year 2020, the Organization’s operations were impacted, as shelter-in-place orders and a government mandate to suspend elective procedures reduced volumes and move-ins during the period. There also were increases in expenses due to the increased costs of additional infection controls implemented.

Note 22 - Impact of COVID-19 (Continued)

CARES Act and American Rescue Plan Act

Enacted on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was established, which authorized $100 billion to be administered through grants and other mechanisms to hospitals, public entities, not-for-profit entities, and Medicare- and Medicaid-enrolled suppliers and institutional providers. The purpose of these funds is to reimburse providers for lost revenue attributable to the COVID-19 pandemic, such as forgone revenue from lower admissions and occupancy, and to provide support for related health care expenses, such as constructing temporary structures or emergency operation centers; retrofitting facilities; purchasing medical supplies and equipment, including personal protective equipment and testing supplies; and increasing workforce. Further, these relief funds ensure uninsured patients are receiving testing and treatment for COVID-19. There was also an additional $8.5 billion in funds appropriated under American Rescue Plan (ARP) Act of 2021, which were distributed in December 2021 to eligible health care providers.

Provider Relief Funds

For the years ended June 30, 2022 and 2021, the Organization received and recognized as COVID-19 funding revenue approximately $225,000 and $689,000, respectively, of payments as part of general and targeted distributions of the CARES Act Provider Relief Fund and ARP Rural payments under the American Rescue Plan Act of 2021. These payments are not subject to repayment, provided the Organization is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for health care-related expenses or lost revenue attributed to COVID-19. Based on an analysis of compliance and reporting requirements of the Provider Relief Fund and ARP Rural payments and the impact of the pandemic on the Organization’s operating results through June 30, 2022, the Organization believes there is reasonable assurance the applicable terms and conditions required to retain the funds are met as of June 30, 2022 and 2021.

HHS’ requirements for the uses of the CARES Act funds and ARP Rural payments are subject to change and are open to interpretation and clarification; therefore, there may be changes in the amounts recognized as CARES Act revenue during the years ended June 30, 2022 and 2021. Any changes in amounts recognized as a result of new guidance, interpretation, or clarification will be recognized in the period in which the change occurred.

Coronavirus Relief Fund

The CARES Act established the $150 billion Coronavirus Relief Fund, from which the U.S. Department of the Treasury has made payments to states and eligible units of local government. The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover qualified expenses, including necessary expenditures incurred as a result of COVID-19.

During the years ended June 30, 2022 and 2021, the Organization received and recognized as CARES Act revenue approximately $1,933,000 and $2,723,000, respectively, of payments as part of distributions of the CARES Act Coronavirus Relief Fund passed through the State of Michigan. The payments were reimbursements from the State of Michigan's Department of Health and Human Services (MDHHS) for COVID-19 testing costs and direct care worker wage premiums incurred by the Organization.

Note 22 - Impact of COVID-19 (Continued)

Paycheck Protection Program Loan

In April 2020, the Organization received loans of $4,771,480 from a financial institution through the Paycheck Protection Program (PPP) under the CARES Act. The notes structure required organization officials to certify statements that permitted the Organization to qualify for the loans and provides loan forgiveness for a portion up to all of the borrowed amount if the Organization uses the loan proceeds for the permitted loan purpose described by the note agreements; the portion not forgiven had required the Organization pay back the amount in full by the maturity date. The notes were uncollateralized, bearing interest at 1.00 percent. During 2021, the PPP loans were forgiven in full by the Small Business Administration (SBA). The Organization concluded to recognize the forgiveness of the PPP loans as CARES Act revenue on the consolidated statement of activities for the fiscal year ended June 30, 2021.

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Trustees
Brio Living Services and Affiliates

We have audited the consolidated financial statements of Brio Living Services and Affiliates as of and for the years ended June 30, 2022 and 2021 and have issued our report thereon dated October 28, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the 2022 consolidated financial statements as a whole. The supplemental consolidating and combining information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2022 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 consolidated financial statements as a whole.

Plante & Moran, PLLC

October 28, 2022

Consolidating Balance Sheet

June 30, 2022

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Assets								
Current Assets								
Cash	$ 6,226,561	$ 16,187,292	$ 157,555	$ 566,889	$ 35,065	$ 8,848	$ -	$ 23,182,210
Resident accounts receivable - Net	4,041,739	1,318,109	1,664	848	31,739	-	-	5,394,099
Accounts receivable - Affiliates	825,782	-	1,262	-	-	3,933,975	(4,651,712)	109,307
Current portion of pledges receivable	633,621	-	-	-	-	-	-	633,621
Current portion of assets limited as to use	78,700	-	-	-	-	-	-	78,700
Other current assets	1,204,930	171,193	-	-	113,637	395,684	-	1,885,444
Total current assets	13,011,333	17,676,594	160,481	567,737	180,441	4,338,507	(4,651,712)	31,283,381
Assets Limited as to Use - Net of current portion	60,043,374	-	1,010,289	158,651	1,213,490	-	-	62,425,804
Property and Equipment - Net	170,414,019	24,215,581	17,063,196	-	13,593,301	453,786	-	225,739,883
Beneficial Interest in Trust	1,413,795	-	-	-	-	-	-	1,413,795
Pledges Receivable - Net of current portion	1,978,153	-	-	-	-	-	-	1,978,153
Right-of-Use Asset - Net	-	515,529	-	-	-	-	-	515,529
Other Noncurrent Assets								
Investment in and loans due from related organizations	43,456,762	-	-	-	-	-	(37,187,876)	6,268,886
Fair value of interest swap agreements	32,967	-	-	-	-	-	-	32,967
Other noncurrent assets	29,000	-	94,401	-	-	75,000	-	198,401
Total other noncurrent assets	43,518,729	-	94,401	-	-	75,000	(37,187,876)	6,500,254
Total assets	**$ 290,379,403**	**$ 42,407,704**	**$ 18,328,367**	**$ 726,388**	**$ 14,987,232**	**$ 4,867,293**	**$ (41,839,588)**	**$ 329,856,799**

Consolidating Balance Sheet (Continued)

June 30, 2022

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)								
Current Liabilities								
Accounts payable	$ 1,783,185	$ 1,079,229	$ 154	$ -	$ 816,870	$ 112,513	$ -	$ 3,791,951
Accounts payable - Affiliates	-	719,027	118,194	8,358	38,631	3,767,502	(4,651,712)	-
Current portion of long-term debt	2,518,177	579,314	-	-	1,200	-	-	3,098,691
Current portion of Holland facility lease liability	-	207,529	-	-	-	-	-	207,529
Current portion of refundable advances on life leases	5,153,300	-	-	-	-	-	-	5,153,300
Estimated third-party payor settlements	-	982,189	-	-	-	-	-	982,189
Accrued liabilities and other	3,759,231	6,683,083	109,651	38,402	911,669	1,097,994	-	12,600,030
Total current liabilities	13,213,893	10,250,371	227,999	46,760	1,768,370	4,978,009	(4,651,712)	25,833,690
Long-term Debt - Net of current portion	86,381,123	6,325,804	-	-	6,849,071	-	(332,500)	99,223,498
Holland Facility Lease Liability - Net of current portion	-	461,673	-	-	-	-	-	461,673
Other Long-term Liabilities								
Deferred life lease income	22,677,125	-	-	1,006,112	-	-	-	23,683,237
Refundable advances on life leases - Net of current portion	48,038,174	-	-	-	-	-	-	48,038,174
Other long-term liabilities	139,986	75,023	309,537	-	-	-	(81,943)	442,603
Total other long-term liabilities	70,855,285	75,023	309,537	1,006,112	-	-	(81,943)	72,164,014
Total liabilities	170,450,301	17,112,871	537,536	1,052,872	8,617,441	4,978,009	(5,066,155)	197,682,875
Net Assets (Deficiency in Net Assets)								
Without donor restrictions	97,973,947	17,035,041	17,790,831	(326,484)	499,505	(110,716)	(36,773,433)	96,088,691
With donor restrictions	21,955,155	-	-	-	-	-	-	21,955,155
Without donor restrictions - Noncontrolling interest	-	8,259,792	-	-	5,870,286	-	-	14,130,078
Total net assets (deficiency in net assets)	119,929,102	25,294,833	17,790,831	(326,484)	6,369,791	(110,716)	(36,773,433)	132,173,924
Total liabilities and net assets (deficiency in net assets)	**$ 290,379,403**	**$ 42,407,704**	**$ 18,328,367**	**$ 726,388**	**$ 14,987,232**	**$ 4,867,293**	**$ (41,839,588)**	**$ 329,856,799**

Consolidating Statement of Activities

Year Ended June 30, 2022

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Operating Revenue								
Net service revenue	$ 61,767,504	$ 76,836,942	$ 1,654,063	$ -	$ 629,896	$ -	$ -	$ 140,888,405
Investment income	4,512,036	-	108	32	-	-	-	4,512,176
Life lease income	4,154,667	-	-	188,977	-	-	-	4,343,644
Contributions	5,867,539	-	-	-	-	-	-	5,867,539
CARES Act revenue	2,157,783	-	-	-	-	-	-	2,157,783
Other operating revenue	3,361,438	660,239	139,278	251,091	(1,838)	14,085,468	(14,936,521)	3,559,155
Net assets released from restrictions used in operations	1,252,560	-	-	-	-	-	-	1,252,560
Total operating revenue	83,073,527	77,497,181	1,793,449	440,100	628,058	14,085,468	(14,936,521)	162,581,262
Operating Expenses								
Salaries and wages	33,979,219	14,136,605	386,763	135,386	139,606	5,776,709	-	54,554,288
Employee benefits and payroll taxes	7,737,026	3,325,693	88,224	22,232	26,886	1,944,647	-	13,144,708
Operating supplies and expenses	4,840,814	2,540,657	55,218	83	34,594	408,604	-	7,879,970
Professional services and consultant fees	11,991,549	45,949,768	316,734	154,024	35,127	1,553,698	(12,487,105)	47,513,795
Repairs and maintenance	1,605,423	-	88,605	-	69,319	23,664	-	1,787,011
Utilities	2,252,126	371,802	268,890	-	254,275	606,502	-	3,753,595
Depreciation	13,576,784	1,295,101	889,684	-	775,743	52,639	-	16,589,951
Interest	3,807,995	236,974	-	-	79,930	2,243	-	4,127,142
Property taxes	1,911,029	-	-	-	-	-	-	1,911,029
Amortization of right-of-use asset	-	177,759	-	-	-	-	-	177,759
Provision for bad debts	273,568	-	-	-	-	-	-	273,568
Quality assurance assessment	987,983	-	-	-	-	-	-	987,983
Other	2,718,434	2,446,662	492,463	98,115	143,403	3,616,236	(2,449,416)	7,065,897
Total operating expenses	85,681,950	70,481,021	2,586,581	409,840	1,558,883	13,984,942	(14,936,521)	159,766,696
Operating (Loss) Income	(2,608,423)	7,016,160	(793,132)	30,260	(930,825)	100,526	-	2,814,566
Nonoperating (Loss) Income								
Unrealized loss investments	(8,392,889)	-	-	-	-	-	-	(8,392,889)
Change in value of charitable gift annuities	(13,237)	-	-	-	-	-	-	(13,237)
Change in fair value of interest rate swap agreements	351,751	-	-	-	-	-	-	351,751
Gain from investments in joint ventures	4,585,387	-	-	-	-	-	(5,023,566)	(438,179)
Total nonoperating (loss) income	(3,468,988)	-	-	-	-	-	(5,023,566)	(8,492,554)
Excess of Revenue (Under) Over Expenses	(6,077,411)	7,016,160	(793,132)	30,260	(930,825)	100,526	(5,023,566)	(5,677,988)
Transfer (to) from Affiliate	(18,193)	(3,912,485)	-	-	9,250	-	3,771,000	(150,428)
Net Assets Released from Restrictions for Capital Purposes	408,200	-	-	-	-	-	-	408,200
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (5,687,404)**	**$ 3,103,675**	**$ (793,132)**	**$ 30,260**	**$ (921,575)**	**$ 100,526**	**$ (1,252,566)**	**$ (5,420,216)**

Obligated Group Combining Balance Sheet

June 30, 2022

	Porter Hills Presbyterian Village, Inc.	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark Retirement Community	Porter Hills Home Health Services West	UMRC and Porter Hills Foundation	Eliminating Entries	Total
Assets									
Current Assets									
Cash	$ (38,482)	$ 6,279,964	$ (358,375)	$ (10,767)	$ (3,059)	$ 8,521	$ 348,759	$ -	$ 6,226,561
Resident accounts receivable - Net	1,146,930	2,071,141	306,178	2,625	10,822	504,043	-	-	4,041,739
Accounts receivable - Affiliates	8,245,391	(2,862,028)	1,058,317	3,440,401	(1,718,508)	(6,179,951)	(1,157,840)	-	825,782
Current portion of pledges receivable	-	-	-	-	-	-	633,621	-	633,621
Current portion of assets limited as to use	-	78,700	-	-	-	-	-	-	78,700
Other current assets	185,599	837,841	17,821	113,112	-	19,310	31,247	-	1,204,930
Total current assets	9,539,438	6,405,618	1,023,941	3,545,371	(1,710,745)	(5,648,077)	(144,213)	-	13,011,333
Assets Limited as to Use - Net of current portion	1,816,759	7,446,669	2,059,887	94,088	191,672	-	48,434,299	-	60,043,374
Property and Equipment - Net	54,728,948	67,555,029	26,854,988	14,275,903	6,272,584	2,284	724,283	-	170,414,019
Beneficial Interest in Trust	-	-	-	-	-	-	1,413,795	-	1,413,795
Pledges Receivable	-	-	-	-	-	-	1,978,153	-	1,978,153
Other Noncurrent Assets									
Investment in and loans due from related organizations	10,925,860	33,196,206	-	-	-	-	-	(665,304)	43,456,762
Fair value of interest swap agreements	-	2,279	-	30,688	-	-	-	-	32,967
Other noncurrent assets	-	-	-	-	-	29,000	-	-	29,000
Total other noncurrent assets	10,925,860	33,198,485	-	30,688	-	29,000	-	(665,304)	43,518,729
Total assets	**$ 77,011,005**	**$ 114,605,801**	**$ 29,938,816**	**$ 17,946,050**	**$ 4,753,511**	**$ (5,616,793)**	**$ 52,406,317**	**$ (665,304)**	**$ 290,379,403**

Obligated Group Combining Balance Sheet (Continued)

June 30, 2022

	Porter Hills Presbyterian Village, Inc.	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark Retirement Community	Porter Hills Home Health Services West	UMRC and Porter Hills Foundation	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)									
Current Liabilities									
Accounts payable	$ 912,515	$ 367,285	$ 279,212	$ 20,394	$ 166,767	$ 6,894	$ 30,118	$ -	$ 1,783,185
Current portion of long-term debt	624,846	895,000	548,998	373,177	76,156	-	-	-	2,518,177
Current portion of refundable advances on life leases	1,182,500	1,186,600	1,805,000	979,200	-	-	-	-	5,153,300
Accrued liabilities and other	1,086,381	1,601,586	397,022	88,632	114,592	336,457	134,561	-	3,759,231
Total current liabilities	3,806,242	4,050,471	3,030,232	1,461,403	357,515	343,351	164,679	-	13,213,893
Long-term Debt - Net of current portion	23,554,525	26,749,901	26,033,832	8,667,940	2,403,292	-	-	(1,028,367)	86,381,123
Other Long-term Liabilities									
Deferred life lease income	7,634,242	1,799,443	11,467,398	1,776,042	-	-	-	-	22,677,125
Refundable advances on life leases - Net of current portion	11,023,148	11,061,733	16,825,581	9,127,712	-	-	-	-	48,038,174
Other long-term liabilities	11,134	-	95,148	-	-	-	33,704	-	139,986
Total other long-term liabilities	18,668,524	12,861,176	28,388,127	10,903,754	-	-	33,704	-	70,855,285
Total liabilities	46,029,291	43,661,548	57,452,191	21,033,097	2,760,807	343,351	198,383	(1,028,367)	170,450,301
Net Assets (Deficiency in Net Assets)									
Without donor restrictions	30,981,714	70,869,705	(27,513,375)	(3,087,047)	1,992,704	(5,960,144)	30,327,327	363,063	97,973,947
With donor restrictions	-	74,548	-	-	-	-	21,880,607	-	21,955,155
Total net assets (deficiency in net assets)	30,981,714	70,944,253	(27,513,375)	(3,087,047)	1,992,704	(5,960,144)	52,207,934	363,063	119,929,102
Total liabilities and net assets (deficiency in net assets)	**$ 77,011,005**	**$ 114,605,801**	**$ 29,938,816**	**$ 17,946,050**	**$ 4,753,511**	**$ (5,616,793)**	**$ 52,406,317**	**$ (665,304)**	**$ 290,379,403**

Obligated Group Combining Statement of Activities

Year Ended June 30, 2022

	Porter Hills Presbyterian Village, Inc.	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark Retirement Community	Porter Hills Home Health Services West	UMRC and Porter Hills Foundation	Corporate	Eliminating Entries	Total
Operating Revenue										
Net service revenue	$ 19,735,756	$ 31,440,168	$ 2,765,858	$ 2,376,921	$ 2,232,357	$ 3,216,444	$ -	$ -	$ -	$ 61,767,504
Investment income	-	19,023	2,200	851	698	-	4,489,264	-	-	4,512,036
Life lease income	1,346,829	521,665	1,746,637	539,536	-	-	-	-	-	4,154,667
Contributions	-	5,000,000	-	-	-	-	867,539	-	-	5,867,539
CARES Act revenue	1,101,479	927,058	-	-	57,702	71,544	-	-	-	2,157,783
Other operating revenue	2,193,652	275,623	624,938	58,976	178,418	29,831	-	-	-	3,361,438
Net assets released from restrictions used in operations	-	-	-	-	-	-	1,252,560	-	-	1,252,560
Total operating revenue	24,377,716	38,183,537	5,139,633	2,976,284	2,469,175	3,317,819	6,609,363	-	-	83,073,527
Operating Expenses										
Salaries and wages	11,949,231	15,683,087	957,598	437,678	1,326,096	2,613,681	1,011,848	-	-	33,979,219
Employee benefits and payroll taxes	2,634,521	3,560,813	130,638	142,470	399,717	626,046	242,821	-	-	7,737,026
Operating supplies and expenses	1,625,381	2,489,529	296,389	140,593	197,385	54,354	37,183	-	-	4,840,814
Professional services and consultant fees	3,992,274	5,086,858	760,664	580,764	389,230	749,685	432,074	-	-	11,991,549
Repairs and maintenance	327,615	600,176	354,455	236,335	58,696	28,146	-	-	-	1,605,423
Utilities	836,701	867,430	336,213	113,714	98,068	-	-	-	-	2,252,126
Depreciation	5,888,463	4,552,629	1,984,967	552,372	567,036	564	30,753	-	-	13,576,784
Interest	998,379	1,311,412	1,181,635	205,922	110,647	-	-	-	-	3,807,995
Property taxes	256,003	907,005	346,235	345,224	56,562	-	-	-	-	1,911,029
Provision for bad debts	78,440	228,404	-	-	-	(33,276)	-	-	-	273,568
Quality assurance assessment	590,102	397,881	-	-	-	-	-	-	-	987,983
Other	718,496	1,050,332	92,579	7,962	36,544	148,228	664,293	-	-	2,718,434
Total operating expenses	29,895,606	36,735,556	6,441,373	2,763,034	3,239,981	4,187,428	2,418,972	-	-	85,681,950
Operating (Loss) Income	(5,517,890)	1,447,981	(1,301,740)	213,250	(770,806)	(869,609)	4,190,391	-	-	(2,608,423)
Nonoperating (Loss) Income										
Unrealized loss on investments	-	(134,277)	-	-	-	-	(8,258,612)	-	-	(8,392,889)
Change in value of charitable gift annuities	-	-	-	-	-	-	(13,237)	-	-	(13,237)
Change in fair value of interest rate swap agreements	-	114,845	-	236,906	-	-	-	-	-	351,751
Gain (loss) from investments in joint ventures	1,967,440	(19,058,753)	-	-	-	-	-	-	21,676,700	4,585,387
Total nonoperating income (loss)	1,967,440	(19,078,185)	-	236,906	-	-	(8,271,849)	-	21,676,700	(3,468,988)
Excess of Revenue (Under) Over Expenses	(3,550,450)	(17,630,204)	(1,301,740)	450,156	(770,806)	(869,609)	(4,081,458)	-	21,676,700	(6,077,411)
Transfer from (to) Affiliate	13,591,765	53,256,275	43,657	-	99,794	9,833	(2,460,701)	(64,558,816)	-	(18,193)
Net Assets Released from Restrictions for Capital Purposes	-	-	-	-	-	-	408,200	-	-	408,200
Increase (Decrease) in Net Assets without Donor Restrictions	**$ 10,041,315**	**$ 35,626,071**	**$ (1,258,083)**	**$ 450,156**	**$ (671,012)**	**$ (859,776)**	**$ (6,133,959)**	**$ (64,558,816)**	**$ 21,676,700**	**$ (5,687,404)**

PACE Entities Combining Balance Sheet

June 30, 2022

	Huron Valley PACE	LifeCircles, Inc.	Thome PACE	Total
Assets				
Current Assets				
Cash	$ 5,564,805	$ 9,015,196	$ 1,607,291	$ 16,187,292
Resident accounts receivable - Net	353,577	683,432	281,100	1,318,109
Other current assets	63,848	45,179	62,166	171,193
Total current assets	5,982,230	9,743,807	1,950,557	17,676,594
Property and Equipment - Net	8,759,678	10,781,094	4,674,809	24,215,581
Right-of-Use Asset - Net	-	515,529	-	515,529
Total assets	**$ 14,741,908**	**$ 21,040,430**	**$ 6,625,366**	**$ 42,407,704**
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ (41,104)	$ 1,150,002	$ (29,669)	$ 1,079,229
Accounts payable - Affiliates	229,140	228,476	261,411	719,027
Current portion of long-term debt	204,277	-	375,037	579,314
Current portion of Holland facility lease liability	-	207,529	-	207,529
Estimated third-party payor settlements	210,049	199,840	572,300	982,189
Accrued liabilities and other	3,051,398	1,616,729	2,014,956	6,683,083
Total current liabilities	3,653,760	3,402,576	3,194,035	10,250,371
Long-term Debt	4,139,785	-	2,186,019	6,325,804
Holland Facility Lease Liability - Net of current portion	-	461,673	-	461,673
Other Long-term Liabilities	-	75,023	-	75,023
Total liabilities	7,793,545	3,939,272	5,380,054	17,112,871
Net Assets				
Without donor restrictions	6,948,363	9,090,092	996,586	17,035,041
Without donor restrictions - Noncontrolling interest	-	8,011,066	248,726	8,259,792
Total net assets	6,948,363	17,101,158	1,245,312	25,294,833
Total liabilities and net assets	**$ 14,741,908**	**$ 21,040,430**	**$ 6,625,366**	**$ 42,407,704**

PACE Entities Combining Statement of Activities

Year Ended June 30, 2022

	Huron Valley PACE	LifeCircles, Inc.	Thome PACE	Total
Operating Revenue				
Net service revenue	$ 24,181,820	$ 32,704,663	$ 19,950,459	$ 76,836,942
Other operating revenue	296,579	209,363	154,297	660,239
Total operating revenue	24,478,399	32,914,026	20,104,756	77,497,181
Expenses				
Salaries and wages	4,200,946	5,708,429	4,227,230	14,136,605
Employee benefits and payroll taxes	957,287	1,326,985	1,041,421	3,325,693
Operating supplies and expenses	1,015,840	915,771	609,046	2,540,657
Professional services and consultant fees	13,642,010	19,626,837	12,680,921	45,949,768
Utilities	108,614	173,233	89,955	371,802
Depreciation	537,656	472,835	284,610	1,295,101
Interest	82,751	62,277	91,946	236,974
Amortization of right-of-use asset	-	177,759	-	177,759
Other	564,253	1,244,279	638,130	2,446,662
Total expenses	21,109,357	29,708,405	19,663,259	70,481,021
Excess of Revenue Over Expenses	3,369,042	3,205,621	441,497	7,016,160
Transfer to Affiliate	(3,600,000)	(312,485)	-	(3,912,485)
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (230,958)**	**$ 2,893,136**	**$ 441,497**	**$ 3,103,675**

Porter Hills HUD Entities Combining Balance Sheet

June 30, 2022

	HUD Corporate Division	Bailey's Grove	Harvest Way	Oak Ridge	River Grove	Station Creek	Walker Meadow	Total
Assets								
Current Assets								
Cash	$ -	$ -	$ 12,664	$ 53,356	$ 63,299	$ 11,707	$ 16,529	$ 157,555
Resident accounts receivable - Net	-	397	-	247	-	998	22	1,664
Accounts receivable - Affiliates	-	-	-	-	-	-	1,262	1,262
Total current assets	-	397	12,664	53,603	63,299	12,705	17,813	160,481
Assets Limited as to Use	-	151,037	78,870	282,407	189,994	217,299	90,682	1,010,289
Property and Equipment - Net	7,821,947	1,710,891	1,453,729	1,287,691	1,576,630	2,141,146	1,071,162	17,063,196
Other Noncurrent Assets	-	13,917	16,429	15,427	16,778	17,521	14,329	94,401
Total assets	**$ 7,821,947**	**$ 1,876,242**	**$ 1,561,692**	**$ 1,639,128**	**$ 1,846,701**	**$ 2,388,671**	**$ 1,193,986**	**$ 18,328,367**
Liabilities and Net Assets (Deficiency in Net Assets)								
Current Liabilities								
Accounts payable	$ -	$ 6,443	$ (6,631)	$ (4,494)	$ 235	$ 175	$ 4,426	$ 154
Accounts payable - Affiliates	-	28,815	21,308	15,695	19,157	17,608	15,611	118,194
Accrued liabilities and other	-	12,387	27,659	15,796	14,193	17,120	22,496	109,651
Total current liabilities	-	47,645	42,336	26,997	33,585	34,903	42,533	227,999
Other Long-term Liabilities	(17,366,459)	2,963,593	2,906,629	2,787,021	3,031,146	3,558,721	2,428,886	309,537
Total liabilities	(17,366,459)	3,011,238	2,948,965	2,814,018	3,064,731	3,593,624	2,471,419	537,536
Net Assets (Deficiency in Net Assets) - Without donor restrictions	25,188,406	(1,134,996)	(1,387,273)	(1,174,890)	(1,218,030)	(1,204,953)	(1,277,433)	17,790,831
Total liabilities and net assets (deficiency in net assets)	**$ 7,821,947**	**$ 1,876,242**	**$ 1,561,692**	**$ 1,639,128**	**$ 1,846,701**	**$ 2,388,671**	**$ 1,193,986**	**$ 18,328,367**

Porter Hills HUD Entities Combining Statement of Activities

Year Ended June 30, 2022

	HUD Corporate Division	Bailey's Grove	Harvest Way	Oak Ridge	River Grove	Station Creek	Walker Meadow	Total
Operating Revenue								
Net service revenue	$ -	$ 227,519	$ 260,720	$ 314,829	$ 315,572	$ 279,807	$ 255,616	$ 1,654,063
Investment income	-	15	9	32	18	22	12	108
Other operating revenue	-	20,942	23,277	18,941	25,185	28,865	22,068	139,278
Total operating revenue	-	248,476	284,006	333,802	340,775	308,694	277,696	1,793,449
Expenses								
Salaries and wages	-	59,599	65,335	58,197	68,291	73,941	61,400	386,763
Employee benefits and payroll taxes	-	12,547	25,673	7,730	10,760	17,085	14,429	88,224
Operating supplies and expenses	-	11,126	6,210	10,086	9,162	10,495	8,139	55,218
Professional services and consultant fees	-	96,384	43,910	43,575	45,333	47,202	40,330	316,734
Repairs and maintenance	-	22,518	18,131	19,638	(17,442)	21,622	24,138	88,605
Utilities	-	52,994	58,213	35,712	42,727	38,662	40,582	268,890
Depreciation	317,295	81,159	107,997	83,195	99,914	110,684	89,440	889,684
Other	-	21,231	66,787	96,337	167,855	76,384	63,869	492,463
Total expenses	317,295	357,558	392,256	354,470	426,600	396,075	342,327	2,586,581
Excess of Expenses Over Revenue	(317,295)	(109,082)	(108,250)	(20,668)	(85,825)	(87,381)	(64,631)	(793,132)
Decrease in Net Assets without Donor Restrictions	**$ (317,295)**	**$ (109,082)**	**$ (108,250)**	**$ (20,668)**	**$ (85,825)**	**$ (87,381)**	**$ (64,631)**	**$ (793,132)**