Brio Living Services and Affiliates

Consolidated Financial Report
with Supplemental Information
June 30, 2023

Contents

plante moran

Plante & Moran, PLLC
Suite 100
250 S. High Street
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

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, 2023 and 2022 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, 2023 and 2022 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 30, 2023

Consolidated Balance Sheet

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	$ 44,070,938	$ 23,182,210
Resident accounts receivable - Net (Note 3)	4,745,181	5,394,099
Accounts receivable - Affiliates (Note 18)	108,002	109,307
Current portion of pledges receivable (Note 4)	603,620	633,621
Current portion of assets limited as to use (Note 5)	30,932	78,700
Other current assets	1,989,349	1,885,444
Total current assets	51,548,022	31,283,381
Assets Limited as to Use - Net of current portion (Note 5)	63,677,031	62,425,804
Property and Equipment - Net (Note 6)	222,157,234	225,739,883
Beneficial Interest in Trust	1,428,404	1,413,795
Pledges Receivable - Net of current portion (Note 4)	1,632,604	1,978,153
Right-of-use Asset - Net (Note 11)	343,920	515,529
Other Noncurrent Assets		
Investment in and loans due from related organizations (Note 18)	1,334,336	6,268,886
Fair value of interest swap agreements (Note 10)	150,229	32,967
Other noncurrent assets	204,389	198,401
Total assets	**$ 342,476,169**	**$ 329,856,799**

Consolidated Balance Sheet (Continued)

June 30, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 4,988,311	$ 3,791,951
Current portion of long-term debt (Note 9)	2,983,116	3,098,691
Current portion of Holland facility lease liability (Note 11)	223,139	207,529
Current portion of refundable advances on life leases (Note 12)	4,702,800	5,153,300
Estimated third-party payor settlements	287,301	982,189
Accrued liabilities and other (Note 7)	16,574,121	12,600,030
Total current liabilities	29,758,788	25,833,690
Long-term Debt - Net of current portion (Note 9)	96,162,646	99,223,498
Holland Facility Lease Liability - Net of current portion (Note 11)	235,360	461,673
Other Long-term Liabilities		
Deferred life lease income (Note 12)	27,573,049	23,683,237
Refundable advances on life leases - Net of current portion (Note 12)	45,922,752	48,038,174
Other long-term liabilities	228,361	442,603
Total other long-term liabilities	73,724,162	72,164,014
Total liabilities	199,880,956	197,682,875
Net Assets		
Without donor restrictions	98,779,361	96,088,691
With donor restrictions (Notes 14 and 15)	27,865,579	21,955,155
Without donor restrictions - Noncontrolling interest	15,950,273	14,130,078
Total net assets	142,595,213	132,173,924
Total liabilities and net assets	**$ 342,476,169**	**$ 329,856,799**

See notes to consolidated financial statements.

Consolidated Statement of Activities

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenue		
Net service revenue (Note 3)	$ 155,228,731	$ 140,888,405
Investment income	1,579,085	4,512,176
Life lease income (Note 12)	4,728,606	4,343,644
Contributions	400,874	5,867,539
CARES Act revenue (Note 22)	759,996	2,157,783
Other operating revenue	5,448,515	3,559,155
Net assets released from restrictions used in operations	959,440	1,252,560
Total operating revenue	169,105,247	162,581,262
Operating Expenses		
Salaries and wages	57,450,954	54,554,288
Employee benefits and payroll taxes	11,873,662	13,144,708
Operating supplies and expenses	8,046,636	7,879,970
Professional services and consultant fees	53,490,480	47,513,795
Repairs and maintenance	2,206,116	1,787,011
Utilities	4,187,278	3,753,595
Depreciation	15,950,684	16,589,951
Interest	3,953,806	4,127,142
Property taxes	1,729,699	1,911,029
Amortization of right-of-use asset (Note 11)	171,964	177,759
Bad debt expense	859,970	273,568
Loss on disposal of property and equipment	329,804	-
Quality assurance assessment	744,854	987,983
Other	7,044,133	7,065,897
Total operating expenses	168,040,040	159,766,696
Operating Income	1,065,207	2,814,566
Nonoperating Income (Loss)		
Unrealized gain (loss) on investments (Note 5)	921,517	(8,392,889)
Change in value of charitable gift annuities	(6,580)	(13,237)
Change in fair value of interest rate swap agreements (Note 10)	117,262	351,751
Gain (loss) from investments in joint ventures (Note 18)	1,415,450	(438,179)
Total nonoperating income (loss)	2,447,649	(8,492,554)
Excess of Revenue Over (Under) Expenses	3,512,856	(5,677,988)
Transfer to Affiliate	(488,681)	(150,428)
Net Assets Released from Restrictions for Capital Purposes	1,486,690	408,200
Increase (Decrease) in Net Assets without Donor Restrictions	**$ 4,510,865**	**$ (5,420,216)**
Amounts Attributable to Noncontrolling Interest and Controlling Interest		
Consolidated increase (decrease) in net assets without donor restrictions attributable to:		
Noncontrolling interest	$ 1,820,195	$ 520,759
Controlling interest	2,690,670	(5,940,975)
Consolidated increase (decrease) in net assets without donor restrictions	**$ 4,510,865**	**$ (5,420,216)**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Years Ended June 30, 2023 and 2022

	Without Donor Restrictions - Controlling Interest	Without Donor Restrictions - Noncontrolling Interest	With Donor Restrictions	Total
Balance - July 1, 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
Excess of revenue over expenses	1,692,661	1,820,195	-	3,512,856
Net assets released from restrictions for capital purposes	1,486,690	-	-	1,486,690
Transfer to affiliate	(488,681)	-	-	(488,681)
Restricted contributions	-	-	6,792,262	6,792,262
Restricted investment income	-	-	1,490,064	1,490,064
Change in value of beneficial interest in trusts	-	-	74,228	74,228
Net assets released from restrictions	-	-	(2,446,130)	(2,446,130)
Balance - June 30, 2023	**$ 98,779,361**	**$ 15,950,273**	**$ 27,865,579**	**$ 142,595,213**

Consolidated Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 10,421,289	$ (4,733,896)
Adjustments to reconcile increase (decrease) in net assets to net cash and restricted cash from operating activities:		
Depreciation	15,950,684	16,589,951
Amortization of Holland facility finance lease	171,964	177,759
Net realized and unrealized (gain) loss on investments	(3,990,666)	7,515,940
Amortization of deferred debt issuance costs, discount, and premium	(144,943)	(154,253)
Bad debt expense	859,970	273,568
Amortization of deferred life lease income	(4,728,606)	(4,343,644)
Proceeds from deferred life leases	5,780,532	5,274,990
Refunds of deferred life leases	(691,366)	(621,083)
(Gain) loss from investment in joint ventures	(1,415,450)	438,179
Change in fair value of interest rate swap agreements	(117,262)	(351,751)
(Gain) loss on perpetual trust	(74,228)	52,874
Loss on disposal of property and equipment	329,804	-
Transfer to affiliate	488,681	150,428
Changes in operating assets and liabilities that (used) provided cash and restricted cash:		
Resident accounts receivable	(211,052)	(716,576)
Accounts receivable - Affiliates	1,305	(3,229)
Pledges receivable	375,550	216,154
Other assets	(50,629)	322,561
Accounts payable	1,196,360	(1,291,056)
Accounts payable - Affiliates	-	(31,581)
Accrued and other liabilities	3,126,223	(2,987,755)
Estimated third-party settlements	-	(332,859)
Net cash and restricted cash provided by operating activities	27,278,160	15,444,721
Cash Flows from Investing Activities		
Purchase of property and equipment	(12,697,839)	(9,243,984)
Purchases of investments	(3,579,364)	(22,884,437)
Proceeds from sale and maturities of investments	8,316,946	17,094,651
Payments on notes receivable	350,000	47,208
Proceeds from sale of membership in Silver Maples of Chelsea	6,000,000	-
Net cash and restricted cash used in investing activities	(1,610,257)	(14,986,562)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(3,031,484)	(5,456,656)
Proceeds from refundable life lease obligations	6,107,558	5,901,173
Refunds of refundable life lease obligations	(4,991,248)	(3,759,098)
Payments on Holland facility lease liability	(210,703)	(193,943)
Change in other long-term liabilities	(214,242)	3,310
Transfer to affiliate	(488,681)	(150,428)
Net cash and restricted cash used in financing activities	(2,828,800)	(3,655,642)
Net Increase (Decrease) in Cash and Restricted Cash	22,839,103	(3,197,483)
Cash and Restricted Cash - Beginning of year	25,882,887	29,080,370
Cash and Restricted Cash - End of year	**$ 48,721,990**	**$ 25,882,887**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022

	2023	2022
Classification of Cash and Restricted Cash		
Cash	$ 44,070,938	$ 23,182,210
Restricted cash in assets limited as to use	4,651,052	2,700,677
Total cash and restricted cash	**$ 48,721,990**	**$ 25,882,887**
Supplemental Cash Flow Information - Cash paid for interest	$ 3,995,371	$ 3,883,854

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).
- United Methodist Retirement Communities, Inc. and Porter Hills Foundation (the "Foundation") is a Michigan nonprofit organization established to control and manager the unrestricted and donor-restricted investments for the benefit of Brio. 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 $4,100,000 and $2,200,000 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 by Porter Hills) 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 by Porter Hills 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 was a 50 percent member of SMOC. During the year ended June 30, 2023, the Organization sold its membership to the other 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, 2023 and 2022, 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, 2021 were $4,951,091.

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 change 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 change 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 $1,952,509 and $2,290,805 at June 30, 2023 and 2022, respectively. Bond issuance premium net of accumulated amortization is $5,765,669 and $6,232,141 at June 30, 2023 and 2022, respectively. Amortization costs totaling $144,943 and $154,253 for 2023 and 2022, 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 its communities are the predominant component of the contracts; therefore, the Organization recognizes revenue for these residency agreements under ASC 606. The nonlease components consist of access to health care services, as needed; food; housekeeping; laundry; and other services.

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** - Beginning on October 1, 2021, Medicaid reimburses the Organization for routine service costs on a per diem basis, retrospectively determined. Prior to October 1, 2021, Medicaid reimbursed the Organization for routine services 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 Michigan Department of Community Health (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 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. During the year ended June 30, 2023, Huron Valley PACE, Thome PACE, and LifeCircles received a one-time rate settlement from the State of $899,333, $759,672, and $1,394,195, respectively, related to services provided to participants during the COVID-19 pandemic, which is recorded within net service revenue within the consolidated statement of activities.

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 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 Over (Under) Expenses

Excess of revenue over (under) expenses is considered the performance indicator in these financial statements. Changes in net assets without donor restrictions, which are excluded from excess of revenue over (under) 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 $814,000 and $1,082,000 for the years ended June 30, 2023 and 2022, 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 $2,990,000 and $2,790,000 during the years ended June 30, 2023 and 2022, 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 Pronouncements

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, 2024.

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Organization's accounts receivable, by requiring the Organization to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The new guidance will be effective for the Organization's year ending June 30, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The Organization does not anticipate a material impact to the consolidated financial statements as a result of the adoption of the standard.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 30, 2023, 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:

	2023	2022
Resident accounts receivable	$ 5,988,877	$ 5,716,280
Less allowance of uncollectible accounts	(1,243,696)	(322,181)
Net resident accounts receivable	$ 4,745,181	$ 5,394,099

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:

	2023	2022
Medicare and Medicare Advantage	40 %	33 %
Medicaid	13	13
Private	47	54
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:

	2023	2022
Private	$ 48,188,565	$ 45,052,170
Medicaid	51,153,240	45,145,916
Medicare and Medicare Advantage	55,886,926	50,690,319
Total net service revenue	$ 155,228,731	$ 140,888,405

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:

	2023	2022
Independent living	$ 20,151,912	$ 18,231,413
Assisted living	23,085,604	21,851,987
Skilled nursing	20,556,842	20,824,656
Home health care	3,077,804	3,143,407
PACE services	88,356,569	76,836,942
Total	$ 155,228,731	$ 140,888,405

Note 4 - Pledges Receivable

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

	2023	2022
Amounts due in:		
Less than one year	$ 603,620	$ 633,621
One to five years	677,574	787,772
More than five years	1,676,008	1,981,180
Less allowance	(150,089)	(198,425)
Less unamortized discount	(570,889)	(592,374)
Total	$ 2,236,224	$ 2,611,774

Note 4 - Pledges Receivable (Continued)

Promises due in one to five years were discounted using a rate of 3.5 percent at June 30, 2023 and 2022. Promises due in more than five years were discounted using the 10-year Treasury rate (3.81 and 2.97 percent at June 30, 2023 and 2022, 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 assets held in these funds as of June 30 is summarized in the following schedule:

	2023	2022
Cash and investments designated by the board of trustees for various purposes, including benevolent care, capital outlay, endowment assets, and other	$ 30,252,348	$ 35,389,459
Purpose-restricted assets - Donor restrictions for specific programs or capital improvements	7,171,473	3,041,855
Permanently restricted endowment funds	17,029,479	14,887,731
Debt service reserve fund, Series 2013 limited obligation revenue bonds	730,550	757,793
Debt service reserve fund, Series 2019 limited obligation revenue bonds	1,789,592	1,733,487
Debt service reserve fund, Series 2020 limited obligation revenue bonds	4,097,237	4,068,318
Reserves for regulatory requirement	2,367,450	2,223,779
Life lease escrow	264,888	243,431
Under escrow agreement - Held for Avenues by Porter Hills entrance fees	4,946	158,651
Total assets limited as to use	63,707,963	62,504,504
Less current portion	30,932	78,700
Total long-term assets limited as to use	$ 63,677,031	$ 62,425,804

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

	2023	2022
Cash	$ 4,651,052	$ 2,700,677
Cash reserves for regulatory requirement	2,367,450	2,223,779
Domestic equity investments	16,116,995	13,800,738
International equity investments	10,416,607	9,391,583
Debt investments	24,345,381	28,669,731
Multistrategy and hedge funds	5,810,478	5,717,996
Total	$ 63,707,963	$ 62,504,504

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:

	2023	2022
Interest and dividend income - Without donor restrictions	$ 1,047,385	$ 996,863
Interest and dividends - With donor restrictions	454,692	420,923
Net realized gain on sale of investments - Without donor restrictions	669,861	3,666,904
Net realized gain on sale of investments - With donor restrictions	441,255	2,164,254
Net unrealized gain (loss) on investments - Without donor restrictions	921,517	(8,392,889)
Net unrealized gain (loss) on investments - With donor restrictions	594,117	(4,954,209)
Investment advisory fees - Without donor restrictions	(138,161)	(151,591)
Total investment income (loss)	$ 3,990,666	$ (6,249,745)

Note 6 - Property and Equipment

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

	2023	2022	Depreciable Life - Years
Land and land improvements	$ 21,364,600	$ 22,881,971	0-20
Buildings and building improvements	325,796,763	330,188,337	10-40
Furniture, fixtures, and equipment	45,730,746	66,703,217	5-10
Construction in progress	1,533,037	1,788,216	-
Total cost	394,425,146	421,561,741	
Accumulated depreciation	172,267,912	195,821,858	
Net property and equipment	$ 222,157,234	$ 225,739,883	

As of June 30, 2023, the Organization is in a construction contract with total capital commitments of approximately $800,000.

Note 7 - Accrued Liabilities

The following is the detail of accrued liabilities:

	2023	2022
Accrued salaries and wages	$ 1,081,526	$ 789,087
Accrued employee benefits and payroll taxes	1,112,849	1,667,779
Accrued interest	1,210,715	1,105,157
Accrued health care claims	3,821,264	4,231,488
Other accrued liabilities	9,347,767	4,806,519
Total	$ 16,574,121	$ 12,600,030

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 expired on September 24, 2023. Management is in the process of extending the agreement with the bank. Interest accrued monthly at 190 basis points above the one-month LIBOR, with an effective rate of 7.12 and 3.69 percent at June 30, 2023 and 2022, 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, 2023 and 2022.

Thome PACE

Under a line of credit agreement with a bank, the Organization has available borrowings of $250,000 at June 30, 2023 and 2022. At June 30, 2023, the related line of credit bore interest at prime plus 50 basis (effectively 8.75 percent), with a maturity date of December 31, 2023. At June 30, 2022, the related line of credit bore interest at prime plus 150 basis (effectively 6.25 percent). The line of credit is collateralized by all real and personal property and accounts receivable of the Organization. There were no outstanding borrowings on the line of credit at June 30, 2023 and 2022.

Note 9 - Long-term Debt

Long-term debt at June 30 is as follows:

	2023	2022
Series 2012 Economic Development Corporation of the Village of Chelsea Limited Obligation Refunding Revenue Bonds (the "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 4.39 and 2.16 percent at June 30, 2023 and 2022, respectively), plus monthly principal payments ranging from $55,000 to $70,000. Effective July 1, 2023, the LIBOR index was replaced with the daily simple Secured Overnight Financing Rate (SOFR) plus 11 basis points. 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	$ 3,420,000	$ 4,100,000
Series 2013 Michigan Strategic Fund Limited Obligation Revenue Refunding Bonds (the "Series 2013 Bonds"), collateralized by all assets of the Obligated Group. 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

Note 9 - Long-term Debt (Continued)

	2023	2022
Series 2014 Economic Development Corporation of the City of Dexter Limited Obligation Refunding Revenue Bonds (the "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 4.59 and 2.30 percent at June 30, 2023 and 2022, respectively), plus monthly principal payments ranging from approximately $30,000 to $52,000. Effective July 1, 2023, the LIBOR index was replaced with daily simple SOFR plus 11 basis points. 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	$ 8,667,994	$ 9,041,118
Series 2019 Michigan Strategic Fund Limited Obligation Refunding Revenue Bonds (the "Series 2019 Bonds"), collateralized by all assets of the Obligated Group. 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	16,540,000	16,770,000
Series 2020 Michigan Strategic Fund Limited Obligation Refunding Revenue Bonds (the "Series 2020 MSF Bonds"), collateralized by all assets of the Obligated Group. 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	15,015,000	15,165,000
Series 2020 Economic Development Corporation of the Charter Township of Grand Rapids Limited Obligation Refunding Revenue Bonds (the "Series 2020 EDC Bonds"), collateralized by all assets of the Obligated Group. 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	31,255,000	31,395,000
Note payable to a bank, collateralized by all assets of the Obligated Group. 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	1,520,000	2,400,000
Series 2018 Michigan Strategic Fund Variable Rate Limited Obligation Revenue Bonds (the "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 5.70 and 2.85 percent at June 30, 2023 and 2022, respectively)	4,139,786	4,344,062

Note 9 - Long-term Debt (Continued)

	2023	2022
Series 2014 Michigan Strategic Fund Variable Rate Limited Obligation Revenue Bonds (the "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	$ 2,248,435	$ 2,638,086
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. The loan is secured by the property and equipment of DAAL. On the maturity date of March 1, 2064, a final payment in an amount equal to the entire outstanding balance and accrued interest is due	1,990,400	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

Note 9 - Long-term Debt (Continued)

	2023	2022
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	5,765,669	6,232,141
Unamortized debt issuance costs	(1,952,509)	(2,290,805)
Long-term debt less unamortized premium and debt issuance costs	99,145,762	102,322,189
Less current portion	2,983,116	3,098,691
Long-term portion	$ 96,162,646	$ 99,223,498

The balance of the above debt matures during the years ending June 30 as follows:

Years Ending	Amount
2024	$ 2,983,116
2025	10,924,913
2026	2,826,610
2027	2,933,407
2028	6,036,433
Unamortized net premium	5,765,669
Unamortized debt issuance cost	(1,952,509)
Thereafter	69,628,123
Total	$ 99,145,762

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, 2023.

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 instruments 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.

Note 10 - Derivatives (Continued)

As of June 30, 2023 and 2022, 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 $150,229 and $32,967 at June 30, 2023 and 2022, 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	2023 - Notional Amount	2022 - Notional Amount
Huntington Bank	December 5, 2024	1.695%	67 percent of one-month LIBOR	$ 4,333,997	$ 4,520,558
Huntington Bank	November 15, 2027	1.830%	65 percent of one-month LIBOR	1,710,000	2,050,000

Effective July 1, 2023, the variable rate received is amended to replace LIBOR with daily simple SOFR plus 11 basis points.

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

	2023	2022	Reported in Consolidated Statement of Activities as
Change in fair value	$ 117,262	$ 351,751	Change in fair value of interest rate swap agreement
Realized gain (loss)	38,495	(111,488)	Interest expense
Total	$ 155,757	$ 240,263	

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 $53,700 and $52,014 from Senior Resources and $117,520 and $115,138 from unrelated parties was recognized for the years ended June 30, 2023 and 2022, 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, 2023 and 2022. 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 $50,000 and $75,000 at June 30, 2023 and 2022, respectively.

Note 11 - Leases (Continued)

For the year ended June 30, 2023, amortization of the right-of-use assets, net of $25,000 of amortization of deferred lease incentives, and interest expense were $171,964 and $31,286, respectively. For the year ended June 30, 2022, amortization of the right-of-use assets, net of $25,000 of amortization of deferred lease incentives, and interest expense were $177,759 and $42,118, respectively.

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

Years Ending June 30	Amount
2024	$ 242,771
2025	246,788
Less amount representing interest	(31,060)
Total	$ 458,499

Note 12 - Entrance Fee Contracts

The Organization offers 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 $4,728,606 and $4,343,644 for the years ended June 30, 2023 and 2022, respectively.

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:

	2023	2022
Deferred life lease income	$ 27,573,049	$ 23,683,237

	2023	2022
Refundable advances on life leases	$ 50,625,552	$ 53,191,474
Less current portion	(4,702,800)	(5,153,300)
Long-term portion	$ 45,922,752	$ 48,038,174

Note 13 - Retirement Plans

Defined Contribution Retirement Plans

The Organization sponsors a defined contribution retirement plan for employees of Porter Hills Presbyterian Villages, Inc. and the nonunion employees of United Methodist Retirement Communities, Inc. d/b/a Brio Living Services. The plan matches 100 percent of contributions for nonunion employees up to 5 percent of the employees' elective contributions. Effective January 1, 2023, the plan was amended to require all eligible employees to be employed by the Organization on the last day of the plan year, December 31, to be eligible to receive the match. Employer matching contributions to the plan totaled approximately $863,000 and $1,920,000 for the years ended June 30, 2023 and 2022, respectively.

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, 2023. 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.
- 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 $181,455 and $143,191 for the years ended June 30, 2023 and 2022, respectively. Based on the latest plan information as of December 31, 2022, 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, 2023 and 2022, 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.

Note 13 - Retirement Plans (Continued)

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:

	2023	2022
Donor restricted for specific program use	$ 3,997,821	$ 2,512,686
Capital expenditures	3,280,170	433,407
Builder fund	95,673	95,762
Pledges receivable	2,236,224	2,611,774
Beneficial interest in trust	1,428,404	1,413,795
Held in perpetuity - Donor-restricted endowments	16,827,287	14,887,731
Total	$ 27,865,579	$ 21,955,155

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 restrictions upon the Organization meeting the donor-imposed restrictions.

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

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

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 18,412,345	$ -	$ 18,412,345
Donor-restricted endowment funds	-	22,036,855	22,036,855
Total	$ 18,412,345	$ 22,036,855	$ 40,449,200

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 13,977,304	$ 18,346,292	$ 32,323,596
Changes in value of assets limited as to use	1,075,106	1,557,199	2,632,305
Contributions	3,359,935	2,133,364	5,493,299
Endowment net assets - End of year	$ 18,412,345	$ 22,036,855	$ 40,449,200

	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

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, 2023 and 2022.

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.

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

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, subject to market conditions, 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 $2,923,288 and $2,802,285 at June 30, 2023 and 2022, 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, 2023 and 2022 were $136,159 and $131,265, 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.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets 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 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. 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.

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.

Note 17 - Fair Value Measurements (Continued)

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2023 and 2022 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, 2023			
	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, 2023
Assets				
Assets limited as to use:				
Domestic equity securities	$ 16,116,995	$ -	$ -	$ 16,116,995
International equity securities	10,416,607	-	-	10,416,607
Debt securities	-	24,345,381	-	24,345,381
Total assets limited as to use	26,533,602	24,345,381	-	50,878,983
Beneficial interest in trusts	-	-	1,428,404	1,428,404
Interest rate swap agreement	-	150,229	-	150,229
Total	$ 26,533,602	$ 24,495,610	$ 1,428,404	52,457,616
Assets limited as to use measured at NAV - Multistrategy and hedge funds				5,810,478
Total assets				$ 58,268,094

Note 17 - Fair Value Measurements (Continued)

	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

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, 2023 and 2022 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, 2023 and 2022 are as follows:

Balance at July 1, 2022	$ 1,413,795
Change in interest and present value of trusts	14,609
Balance at June 30, 2023	$ 1,428,404
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

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, 2023	June 30, 2022	June 30, 2023		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
BlackRock Appreciation	$ -	$ 152,339	$ -	Quarterly	93 days
Weatherlow Offshore	-	151,446	-	Quarterly	65 days
ABS Offshore	88,393	88,393	-	Daily	45 days
SEI Global Private Assets	234,450	-	-	Quarterly	95 days
SEI Special Situations Fund	2,746,852	2,700,000	-	Semiannual	95 days
SEI Structured Credit Fund	2,740,783	2,625,818	-	Quarterly	65 days
Total	$ 5,810,478	$ 5,717,996	$ -		

BlackRock Appreciation, Weatherlow Offshore, ABS Offshore, SEI Global Private Assets, 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:

	2023	2022
Sylvan Pines	$ 66,207	$ 72,046
Other	41,795	37,261
Total accounts receivable - Affiliates	$ 108,002	$ 109,307

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, 2023 and 2022 are as follows:

	2023	2022
Note receivable from Lansing PACE	$ 444,508	$ 460,086
Investment in SMOC	-	5,174,775
Investment in Emmanuel Hospice	416,668	446,917
Investment in Tandem 365	473,160	187,108
Total investment in and loans due from related organizations	$ 1,334,336	$ 6,268,886

Note 18 - Related Party Transactions (Continued)

Gain (loss) on investments in joint ventures for the years ended June 30, 2023 and 2022 was $1,415,450 and $(438,179), 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:

	2023	2022
Sylvan Pines	$ 71,250	$ 69,651

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, 2023 and 2022, $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.

The Organization entered into capital advances with the U.S. Department of Housing and Urban Development, which were 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.

Note 19 - Contingencies (Continued)

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

	2023	2022
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, 2023 are as follows:

	Health Care Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 42,991,801	$ 13,484,887	$ 974,266	$ 57,450,954
Employee benefits and payroll taxes	8,613,360	3,046,083	214,219	11,873,662
Operating supplies and expenses	7,629,694	403,004	13,938	8,046,636
Professional services and consultant fees	51,135,566	2,221,311	133,603	53,490,480
Repairs and maintenance	2,167,260	38,856	-	2,206,116
Utilities	3,589,262	597,680	336	4,187,278
Depreciation	15,747,873	202,811	-	15,950,684
Interest	3,741,188	212,618	-	3,953,806
Property taxes	701,328	1,028,371	-	1,729,699
Amortization of right-of-use asset	144,224	27,740	-	171,964
Provision for bad debts	859,970	-	-	859,970
Quality assurance assessment	744,854	-	-	744,854
Other	1,974,403	3,989,845	1,079,885	7,044,133
Total	$ 140,040,783	$ 25,253,206	$ 2,416,247	$ 167,710,236

Note 20 - Functional Expenses (Continued)

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 supplement	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 21 - Liquidity and Availability of Resources

The Organization has $48,924,121 and $28,685,616 of financial assets available within one year of June 30, 2023 and 2022, respectively, to meet cash needs for general expenditure, consisting of cash of $44,070,938 and $23,182,210, resident accounts receivable of $4,745,181 and $5,394,099, and accounts receivable - affiliates of $108,002 and $109,307, respectively. In addition, the Organization has $30,252,348 and $35,389,459 of board-designated assets at June 30, 2023 and 2022, 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 cash operating expenses, which are, on average, $24,947,000 and $23,596,000 at June 30, 2023 and 2022, 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 and continuing in 2023, 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 the American Rescue Plan (ARP) Act of 2021, which were distributed in December 2021 to eligible health care providers.

Provider Relief Funds

For the year ended June 30, 2022, the Organization received and recognized as COVID-19 funding revenue payments of approximately $225,000 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. During the year ended June 30, 2023, no funds were received.

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, 2023 and 2022. 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, 2023 and 2022, the Organization received and recognized as CARES Act revenue payments of approximately $760,000 and $1,933,000, respectively, 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.

Supplemental Information

Plante & Moran, PLLC
Suite 100
250 S. High Street
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

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, 2023 and 2022 and have issued our report thereon dated October 30, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2023 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 2023 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023 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 2023 consolidated financial statements as a whole.

Plante & Moran, PLLC

October 30, 2023

Consolidating Balance Sheet

June 30, 2023

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Assets								
Current Assets								
Cash	$ 13,542,579	$ 29,438,138	$ 105,160	$ 525,699	$ 43,733	$ 415,629	$ -	$ 44,070,938
Resident accounts receivable - Net	3,744,578	964,602	2,116	1,137	32,748	-	-	4,745,181
Accounts receivable - Affiliates	1,466,625	-	-	-	-	4,233,794	(5,592,417)	108,002
Current portion of pledges receivable	603,620	-	-	-	-	-	-	603,620
Current portion of assets limited as to use	30,932	-	-	-	-	-	-	30,932
Other current assets	1,237,357	324,884	16,979	-	127,758	282,371	-	1,989,349
Total current assets	20,625,691	30,727,624	124,255	526,836	204,239	4,931,794	(5,592,417)	51,548,022
Assets Limited as to Use - Net of current portion	61,183,815	120,820	1,111,369	4,946	1,256,081	-	-	63,677,031
Property and Equipment - Net	168,768,627	23,318,565	16,374,973	-	13,108,040	587,029	-	222,157,234
Beneficial Interest in Trust	1,428,404	-	-	-	-	-	-	1,428,404
Pledges Receivable - Net of current portion	1,632,604	-	-	-	-	-	-	1,632,604
Right-of-use Asset - Net	-	343,920	-	-	-	-	-	343,920
Other Noncurrent Assets								
Investment in and loans due from related organizations	43,963,578	-	-	-	-	-	(42,629,242)	1,334,336
Fair value of interest swap agreements	150,229	-	-	-	-	-	-	150,229
Other noncurrent assets	29,000	-	100,389	-	-	75,000	-	204,389
Total other noncurrent assets	44,142,807	-	100,389	-	-	75,000	(42,629,242)	1,688,954
Total assets	**$ 297,781,948**	**$ 54,510,929**	**$ 17,710,986**	**$ 531,782**	**$ 14,568,360**	**$ 5,593,823**	**$ (48,221,659)**	**$ 342,476,169**

Consolidating Balance Sheet (Continued)

June 30, 2023

	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	$ 2,835,346	$ 1,136,666	$ 52,395	$ 18,159	$ 867,434	$ 78,311	$ -	$ 4,988,311
Accounts payable - Affiliates	-	1,109,151	108,645	30,583	38,005	4,306,033	(5,592,417)	-
Current portion of long-term debt	2,383,378	598,538	-	-	1,200	-	-	2,983,116
Current portion of Holland facility lease liability	-	223,139	-	-	-	-	-	223,139
Current portion of refundable advances on life leases	4,702,800	-	-	-	-	-	-	4,702,800
Estimated third-party payor settlements	-	287,301	-	-	-	-	-	287,301
Accrued liabilities and other	3,063,854	10,873,419	176,150	8,023	1,013,943	1,438,732	-	16,574,121
Total current liabilities	12,985,378	14,228,214	337,190	56,765	1,920,582	5,823,076	(5,592,417)	29,758,788
Long-term Debt - Net of current portion	83,917,855	5,722,923	-	-	6,854,368	-	(332,500)	96,162,646
Holland Facility Lease Liability - Net of current portion	-	235,360	-	-	-	-	-	235,360
Other Long-term Liabilities								
Deferred life lease income	26,760,800	-	-	812,249	-	-	-	27,573,049
Refundable advances on life leases - Net of current portion	45,922,752	-	-	-	-	-	-	45,922,752
Other long-term liabilities	74,972	50,000	185,332	-	-	-	(81,943)	228,361
Total other long-term liabilities	72,758,524	50,000	185,332	812,249	-	-	(81,943)	73,724,162
Total liabilities	169,661,757	20,236,497	522,522	869,014	8,774,950	5,823,076	(6,006,860)	199,880,956
Net Assets (Deficiency in Net Assets)								
Without donor restrictions	100,375,432	23,497,273	17,188,464	(337,232)	499,476	(229,253)	(42,214,799)	98,779,361
With donor restrictions	27,744,759	120,820	-	-	-	-	-	27,865,579
Without donor restrictions - Noncontrolling interest	-	10,656,339	-	-	5,293,934	-	-	15,950,273
Total net assets (deficiency in net assets)	128,120,191	34,274,432	17,188,464	(337,232)	5,793,410	(229,253)	(42,214,799)	142,595,213
Total liabilities and net assets (deficiency in net assets)	**$ 297,781,948**	**$ 54,510,929**	**$ 17,710,986**	**$ 531,782**	**$ 14,568,360**	**$ 5,593,823**	**$ (48,221,659)**	**$ 342,476,169**

Consolidating Statement of Activities

Year Ended June 30, 2023

	Obligated Group	PACE Entities	Porter Hills HUD Entities	Avenues by Porter Hills	DAAL	UMRCPH, Inc.	Eliminating Entries	Total
Operating Revenue								
Net service revenue	$ 64,846,215	$ 88,356,569	$ 1,765,351	$ -	$ 609,304	$ -	$ (348,708)	$ 155,228,731
Investment income	1,576,721	-	2,252	112	-	-	-	1,579,085
Life lease income	4,534,743	-	-	193,863	-	-	-	4,728,606
Contributions	400,874	-	-	-	-	-	-	400,874
CARES Act revenue	759,996	-	-	-	-	-	-	759,996
Other operating revenue	4,496,438	588,728	100,703	251,380	52,564	14,544,936	(14,586,234)	5,448,515
Net assets released from restrictions used in operations	949,639	9,801	-	-	-	-	-	959,440
Total operating revenue	77,564,626	88,955,098	1,868,306	445,355	661,868	14,544,936	(14,934,942)	169,105,247
Operating Expenses								
Salaries and wages	33,310,105	16,959,424	242,807	128,159	141,979	6,668,480	-	57,450,954
Employee benefits and payroll taxes	6,510,792	3,575,735	68,287	20,549	27,700	1,670,599	-	11,873,662
Operating supplies and expenses	4,824,845	2,930,534	188,315	375	7,955	94,612	-	8,046,636
Professional services and consultant fees	3,640,536	48,846,545	99,178	216,711	41,012	1,063,431	(416,933)	53,490,480
Repairs and maintenance	1,878,333	-	229,291	-	70,633	27,859	-	2,206,116
Utilities	2,765,402	424,775	258,733	-	177,592	560,776	-	4,187,278
Depreciation	13,193,024	1,307,200	863,353	-	526,798	60,309	-	15,950,684
Interest	3,551,716	315,663	-	-	86,427	-	-	3,953,806
Property taxes	1,729,699	-	-	-	-	-	-	1,729,699
Amortization of right-of-use asset	-	171,964	-	-	-	-	-	171,964
Bad debt expense	859,970	-	-	-	-	-	-	859,970
Loss on disposal of property and equipment	223,795	-	-	-	-	106,009	-	329,804
Quality assurance assessment	744,854	-	-	-	-	-	-	744,854
Other	12,776,922	3,532,313	524,459	127,060	163,581	4,437,807	(14,518,009)	7,044,133
Total operating expenses	86,009,993	78,064,153	2,474,423	492,854	1,243,677	14,689,882	(14,934,942)	168,040,040
Operating (Loss) Income	(8,445,367)	10,890,945	(606,117)	(47,499)	(581,809)	(144,946)	-	1,065,207
Nonoperating Income (Loss)								
Unrealized gain investments	921,517	-	-	-	-	-	-	921,517
Change in value of charitable gift annuities	(6,580)	-	-	-	-	-	-	(6,580)
Change in fair value of interest rate swap agreements	117,262	-	-	-	-	-	-	117,262
Gain from investments in joint ventures	8,494,816	-	-	-	-	-	(7,079,366)	1,415,450
Total nonoperating income	9,527,015	-	-	-	-	-	(7,079,366)	2,447,649
Excess of Revenue Over (Under) Expenses	1,081,648	10,890,945	(606,117)	(47,499)	(581,809)	(144,946)	(7,079,366)	3,512,856
Transfer (to) from Affiliate	(109,735)	(2,089,284)	3,750	36,751	5,428	26,409	1,638,000	(488,681)
Net Assets Released from Restrictions for Capital Purposes	1,429,572	57,118	-	-	-	-	-	1,486,690
Increase (Decrease) in Net Assets without Donor Restrictions	**$ 2,401,485**	**$ 8,858,779**	**$ (602,367)**	**$ (10,748)**	**$ (576,381)**	**$ (118,537)**	**$ (5,441,366)**	**$ 4,510,865**

Consolidating Statement of Cash Flows

Year Ended June 30, 2023

	Obligated Group	Non-obligated Group	Eliminating Entries	Total
Cash Flows from Operating Activities				
Increase in net assets	$ 8,191,089	$ 2,230,200	$ -	$ 10,421,289
Adjustments to reconcile increase in net assets to net cash and restricted cash from operating activities:				
Depreciation	13,193,024	2,757,660	-	15,950,684
Amortization of Holland facility finance lease	-	171,964	-	171,964
Net realized and unrealized gain on investments	(3,988,302)	(2,364)	-	(3,990,666)
Amortization of deferred debt issuance costs, discount, and premium	(144,943)	-	-	(144,943)
Bad debt expense	859,970	-	-	859,970
Amortization of deferred life lease income	(4,534,743)	(193,863)	-	(4,728,606)
Proceeds from deferred life lease income	5,780,532	-	-	5,780,532
Refunds of deferred life leases	(691,366)	-	-	(691,366)
(Gain) loss from investments in joint ventures	(8,494,816)	-	7,079,366	(1,415,450)
Change in fair value of interest rate swap agreements	(117,262)	-	-	(117,262)
Gain on perpetual trust	(74,228)	-	-	(74,228)
Loss on disposal of property and equipment	223,795	106,009	-	329,804
Transfer to affiliate	109,735	378,946	-	488,681
Distribution from joint venture	1,638,000	-	(1,638,000)	-
Changes in operating assets and liabilities that (used) provided cash and restricted cash:				
Resident accounts receivable	(562,809)	351,757	-	(211,052)
Accounts receivable - Affiliate	(640,843)	642,148	-	1,305
Pledges receivable	375,550	-	-	375,550
Other assets	27,192	(77,821)	-	(50,629)
Accounts payable	1,052,161	144,199	-	1,196,360
Accrued and other liabilities	(848,357)	3,974,580	-	3,126,223
Net cash and restricted cash provided by operating activities	11,353,379	10,483,415	5,441,366	27,278,160
Cash Flows from Investing Activities				
Purchase of property and equipment	(11,771,427)	(926,412)	-	(12,697,839)
Purchases of investments	(3,320,654)	(258,710)	-	(3,579,364)
Proceeds from sales and maturities of investments	8,316,946	-	-	8,316,946
Proceeds from sale of membership in joint venture	6,000,000	-	-	6,000,000
Payments on notes receivable	350,000	-	-	350,000
Net cash and restricted cash used in investing activities	(425,135)	(1,185,122)	-	(1,610,257)

Consolidating Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Obligated Group	Non-obligated Group	Eliminating Entries	Total
Cash Flows from Financing Activities				
Principal payments on long-term debt	$ (2,453,124)	$ (578,360)	$ -	$ (3,031,484)
Proceeds from refundable life lease obligations	6,107,558	-	-	6,107,558
Refunds of refundable life lease obligations	(4,991,248)	-	-	(4,991,248)
Payments on Holland facility lease liability	-	(210,703)	-	(210,703)
Changes in other long-term liabilities	(65,014)	(149,228)	-	(214,242)
Transfer to affiliate	(109,735)	(378,946)	-	(488,681)
Net cash and restricted cash used in financing activities	(1,511,563)	(1,317,237)	-	(2,828,800)
Net Increase in Cash and Restricted Cash	9,416,681	7,981,056	5,441,366	22,839,103
Cash and Restricted Cash - Beginning of year	8,768,487	17,114,400	-	25,882,887
Cash and Restricted Cash - End of year	**$ 18,185,168**	**$ 25,095,456**	**$ 5,441,366**	**$ 48,721,990**
Classification of Cash and Restricted Cash				
Cash	$ 13,542,579	$ 30,528,359	$ -	$ 44,070,938
Restricted cash in assets limited as to use	4,642,589	8,463	-	4,651,052
Total cash and restricted cash	**$ 18,185,168**	**$ 30,536,822**	**$ -**	**$ 48,721,990**
Supplemental Cash Flow Information - Cash paid for interest	$ 3,797,251	$ 198,120	$ -	$ 3,995,371

Obligated Group Combining Balance Sheet

June 30, 2023

	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	$ (170,698)	$ 13,130,481	$ (146,012)	$ (6,621)	$ (9,732)	$ 2,447	$ 742,714	$ -	$ 13,542,579
Resident accounts receivable - Net	633,193	2,229,247	271,447	24,458	40,191	546,042	-	-	3,744,578
Accounts receivable - Affiliates	2,046,923	5,014,661	566,265	3,606,606	(2,096,068)	(7,302,140)	(369,622)	-	1,466,625
Current portion of pledges receivable	-	-	-	-	-	-	603,620	-	603,620
Current portion of assets limited as to use	-	30,932	-	-	-	-	-	-	30,932
Other current assets	68,445	1,049,637	28,249	67,182	2,929	9,322	11,593	-	1,237,357
Total current assets	2,577,863	21,454,958	719,949	3,691,625	(2,062,680)	(6,744,329)	988,305	-	20,625,691
Assets Limited as to Use - Net of current portion	1,851,399	2,632,950	2,074,871	99,104	193,011	-	54,332,480	-	61,183,815
Property and Equipment - Net	58,128,525	64,304,287	25,759,230	13,919,505	5,960,117	1,527	695,436	-	168,768,627
Beneficial Interest in Trust	-	-	-	-	-	-	1,428,404	-	1,428,404
Pledges Receivable	-	-	-	-	-	-	1,632,604	-	1,632,604
Other Noncurrent Assets									
Investment in and loans due from related organizations	13,274,671	26,618,660	-	-	-	-	-	4,070,247	43,963,578
Fair value of interest swap agreements	-	42,077	-	108,152	-	-	-	-	150,229
Other noncurrent assets	-	-	-	-	-	29,000	-	-	29,000
Total other noncurrent assets	13,274,671	26,660,737	-	108,152	-	29,000	-	4,070,247	44,142,807
Total assets	**$ 75,832,458**	**$ 115,052,932**	**$ 28,554,050**	**$ 17,818,386**	**$ 4,090,448**	**$ (6,713,802)**	**$ 59,077,229**	**$ 4,070,247**	**$ 297,781,948**

Obligated Group Combining Balance Sheet (Continued)

June 30, 2023

	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	$ 1,889,437	$ 840,384	$ 43,238	$ 11,176	$ 48,886	$ 3,714	$ (1,489)	$ -	$ 2,835,346
Current portion of long-term debt	521,007	960,000	456,088	383,379	62,904	-	-	-	2,383,378
Current portion of refundable advances on life leases	1,112,300	1,073,900	1,677,300	839,300	-	-	-	-	4,702,800
Accrued liabilities and other	1,054,023	1,257,283	378,512	110,753	140,625	104,638	18,020	-	3,063,854
Total current liabilities	4,576,767	4,131,567	2,555,138	1,344,608	252,415	108,352	16,531	-	12,985,378
Long-term Debt - Net of current portion	22,996,535	25,779,440	25,537,836	8,284,615	2,338,344	-	-	(1,018,915)	83,917,855
Other Long-term Liabilities									
Deferred life lease income	8,147,188	3,457,136	11,242,572	3,913,904	-	-	-	-	26,760,800
Refundable advances on life leases - Net of current portion	11,641,078	9,864,758	17,554,599	6,862,317	-	-	-	-	45,922,752
Other long-term liabilities	-	-	47,574	-	-	-	27,398	-	74,972
Total other long-term liabilities	19,788,266	13,321,894	28,844,745	10,776,221	-	-	27,398	-	72,758,524
Total liabilities	47,361,568	43,232,901	56,937,719	20,405,444	2,590,759	108,352	43,929	(1,018,915)	169,661,757
Net Assets (Deficiency in Net Assets)									
Without donor restrictions	28,470,890	71,745,483	(28,383,669)	(2,587,058)	1,499,689	(6,822,154)	31,363,089	5,089,162	100,375,432
With donor restrictions	-	74,548	-	-	-	-	27,670,211	-	27,744,759
Total net assets (deficiency in net assets)	28,470,890	71,820,031	(28,383,669)	(2,587,058)	1,499,689	(6,822,154)	59,033,300	5,089,162	128,120,191
Total liabilities and net assets (deficiency in net assets)	**$ 75,832,458**	**$ 115,052,932**	**$ 28,554,050**	**$ 17,818,386**	**$ 4,090,448**	**$ (6,713,802)**	**$ 59,077,229**	**$ 4,070,247**	**$ 297,781,948**

Brio Living Services and Affiliates

Obligated Group Combining Statement of Activities

Year Ended June 30, 2023

	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	$ 18,983,453	$ 34,466,986	$ 3,146,437	$ 2,536,700	$ 2,634,835	$ 3,077,804	$ -	$ -	$ -	$ 64,846,215
Investment (loss) income	-	(81,713)	1,133	-	1,285	-	1,656,016	-	-	1,576,721
Life lease income	1,574,192	603,082	1,859,189	498,280	-	-	-	-	-	4,534,743
Contributions	-	-	-	-	-	-	400,874	-	-	400,874
CARES Act revenue	276,938	467,499	-	-	15,559	-	-	-	-	759,996
Other operating revenue	1,933,944	1,093,626	832,699	382,582	214,251	39,182	154	-	-	4,496,438
Net assets released from restrictions used in operations	-	-	-	-	-	-	949,639	-	-	949,639
Total operating revenue	22,768,527	36,549,480	5,839,458	3,417,562	2,865,930	3,116,986	3,006,683	-	-	77,564,626
Operating Expenses										
Salaries and wages	11,235,073	15,569,432	1,098,809	550,164	1,456,839	2,425,522	974,266	-	-	33,310,105
Employee benefits and payroll taxes	2,050,833	3,103,740	159,882	126,228	299,762	556,127	214,220	-	-	6,510,792
Operating supplies and expenses	1,501,647	2,730,587	346,241	149,967	30,263	52,202	13,938	-	-	4,824,845
Professional services and consultant fees	1,202,420	2,100,235	10,039	115,241	55,952	26,242	130,407	-	-	3,640,536
Repairs and maintenance	430,405	689,457	341,964	340,314	65,558	10,635	-	-	-	1,878,333
Utilities	949,440	1,081,610	516,017	122,390	95,609	-	336	-	-	2,765,402
Depreciation	5,526,240	4,557,221	1,930,851	532,141	617,059	755	28,757	-	-	13,193,024
Interest	890,744	1,187,634	1,079,329	293,123	100,886	-	-	-	-	3,551,716
Property taxes	221,350	802,123	342,906	304,999	58,321	-	-	-	-	1,729,699
Bad debt expense (recovery)	148,032	742,379	-	-	-	(15,451)	(14,990)	-	-	859,970
Loss on disposal of property and equipment	182,480	14,290	23,301	-	3,632	2	90	-	-	223,795
Quality assurance assessment	247,466	497,388	-	-	-	-	-	-	-	744,854
Other	3,706,045	5,137,740	897,477	460,470	591,941	926,495	1,056,754	-	-	12,776,922
Total operating expenses	28,292,175	38,213,836	6,746,816	2,995,037	3,375,822	3,982,529	2,403,778	-	-	86,009,993
Operating (Loss) Income	(5,523,648)	(1,664,356)	(907,358)	422,525	(509,892)	(865,543)	602,905	-	-	(8,445,367)
Nonoperating Income (Loss)										
Unrealized gain on investments	-	-	-	-	-	-	921,517	-	-	921,517
Change in value of charitable gift annuities	-	-	-	-	-	-	(6,580)	-	-	(6,580)
Change in fair value of interest rate swap agreements	-	39,798	-	77,464	-	-	-	-	-	117,262
Gain from investments in joint ventures	2,871,264	897,453	-	-	-	-	-	-	4,726,099	8,494,816
Total nonoperating income	2,871,264	937,251	-	77,464	-	-	914,937	-	4,726,099	9,527,015
Excess of Revenue (Under) Over Expenses	(2,652,384)	(727,105)	(907,358)	499,989	(509,892)	(865,543)	1,517,842	-	4,726,099	1,081,648
Transfer from (to) Affiliate	141,560	1,602,883	37,064	-	16,877	3,533	(1,911,652)	-	-	(109,735)
Net Assets Released from Restrictions for Capital Purposes	-	-	-	-	-	-	1,429,572	-	-	1,429,572
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (2,510,824)**	**$ 875,778**	**$ (870,294)**	**$ 499,989**	**$ (493,015)**	**$ (862,010)**	**$ 1,035,762**	**$ -**	**$ 4,726,099**	**$ 2,401,485**

PACE Entities Combining Balance Sheet

June 30, 2023

	Huron Valley PACE	LifeCircles, Inc.	Thome PACE	Total
Assets				
Current Assets				
Cash	$ 9,313,982	$ 15,259,367	$ 4,864,789	$ 29,438,138
Resident accounts receivable - Net	368,022	562,570	34,010	964,602
Other current assets	110,815	153,570	60,499	324,884
Total current assets	9,792,819	15,975,507	4,959,298	30,727,624
Assets Limited as to Use - Net of current portion	120,820	-	-	120,820
Property and Equipment - Net	8,303,630	10,418,274	4,596,661	23,318,565
Right-of-use Asset - Net	-	343,920	-	343,920
Total assets	**$ 18,217,269**	**$ 26,737,701**	**$ 9,555,959**	**$ 54,510,929**
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 79,671	$ 935,532	$ 121,463	$ 1,136,666
Accounts payable - Affiliates	438,828	292,661	377,662	1,109,151
Current portion of long-term debt	212,142	-	386,396	598,538
Current portion of Holland facility lease liability	-	223,139	-	223,139
Estimated third-party payor settlements	7,801	-	279,500	287,301
Accrued liabilities and other	4,113,842	3,773,690	2,985,887	10,873,419
Total current liabilities	4,852,284	5,225,022	4,150,908	14,228,214
Long-term Debt - Net of current portion	3,927,644	-	1,795,279	5,722,923
Holland Facility Lease Liability - Net of current portion	-	235,360	-	235,360
Other Long-term Liabilities	-	50,000	-	50,000
Total liabilities	8,779,928	5,510,382	5,946,187	20,236,497
Net Assets				
Without donor restrictions	9,316,521	11,292,934	2,887,818	23,497,273
With donor restrictions	120,820	-	-	120,820
Without donor restrictions - Noncontrolling interest	-	9,934,385	721,954	10,656,339
Total net assets	9,437,341	21,227,319	3,609,772	34,274,432
Total liabilities and net assets	**$ 18,217,269**	**$ 26,737,701**	**$ 9,555,959**	**$ 54,510,929**

PACE Entities Combining Statement of Activities

Year Ended June 30, 2023

	Huron Valley PACE	LifeCircles, Inc.	Thome PACE	Total
Operating Revenue				
Net service revenue	$ 28,651,298	$ 37,640,208	$ 22,065,063	$ 88,356,569
Other operating revenue	61,602	292,854	234,272	588,728
Net assets released from restrictions used in operations	9,801	-	-	9,801
Total operating revenue	28,722,701	37,933,062	22,299,335	88,955,098
Operating Expenses				
Salaries and wages	5,509,836	6,718,871	4,730,717	16,959,424
Employee benefits and payroll taxes	1,095,453	1,449,152	1,031,130	3,575,735
Operating supplies and expenses	1,017,321	1,272,503	640,710	2,930,534
Professional services and consultant fees	15,397,067	21,611,987	11,837,491	48,846,545
Utilities	108,148	230,578	86,049	424,775
Depreciation	538,213	484,033	284,954	1,307,200
Interest	198,088	31,763	85,812	315,663
Amortization of right-of-use asset	-	171,964	-	171,964
Other	1,422,535	871,766	1,238,012	3,532,313
Total operating expenses	25,286,661	32,842,617	19,934,875	78,064,153
Excess of Revenue Over Expenses	3,436,040	5,090,445	2,364,460	10,890,945
Transfer to Affiliate	(1,125,000)	(964,284)	-	(2,089,284)
Net Assets Released from Restrictions for Capital Purposes	57,118	-	-	57,118
Increase in Net Assets without Donor Restrictions	**$ 2,368,158**	**$ 4,126,161**	**$ 2,364,460**	**$ 8,858,779**

Porter Hills HUD Entities Combining Balance Sheet

June 30, 2023

	HUD Corporate Division	Bailey's Grove	Harvest Way	Oak Ridge	River Grove	Station Creek	Walker Meadow	Total
Assets								
Current Assets								
Cash	$ -	$ 12,832	$ -	$ 28,164	$ 21,819	$ 23,269	$ 19,076	$ 105,160
Resident accounts receivable - Net	-	-	425	1,691	-	-	-	2,116
Other current assets - Prepaid expenses	-	-	-	8,217	8,762	-	-	16,979
Total current assets	-	12,832	425	38,072	30,581	23,269	19,076	124,255
Assets Limited as to Use	-	128,894	71,906	351,994	223,948	221,634	112,993	1,111,369
Property and Equipment - Net	7,504,652	1,662,113	1,381,370	1,264,420	1,499,162	2,053,695	1,009,561	16,374,973
Other Noncurrent Assets	-	16,786	17,031	16,691	16,832	18,619	14,430	100,389
Total assets	**$ 7,504,652**	**$ 1,820,625**	**$ 1,470,732**	**$ 1,671,177**	**$ 1,770,523**	**$ 2,317,217**	**$ 1,156,060**	**$ 17,710,986**
Liabilities and Net Assets (Deficiency in Net Assets)								
Current Liabilities								
Accounts payable	$ -	$ 1,727	$ 12,820	$ 26,493	$ 7,498	$ 1,334	$ 2,523	$ 52,395
Accounts payable - Affiliates	-	17,552	15,454	15,691	23,286	21,526	15,136	108,645
Accrued liabilities and other	-	7,189	8,461	35,875	110,588	8,393	5,644	176,150
Total current liabilities	-	26,468	36,735	78,059	141,372	31,253	23,303	337,190
Other Long-term Liabilities	(17,366,459)	2,966,462	2,907,231	2,758,660	2,930,632	3,559,819	2,428,987	185,332
Total liabilities	(17,366,459)	2,992,930	2,943,966	2,836,719	3,072,004	3,591,072	2,452,290	522,522
Net Assets (Deficiency in Net Assets) - Without donor restrictions	24,871,111	(1,172,305)	(1,473,234)	(1,165,542)	(1,301,481)	(1,273,855)	(1,296,230)	17,188,464
Total liabilities and net assets (deficiency in net assets)	**$ 7,504,652**	**$ 1,820,625**	**$ 1,470,732**	**$ 1,671,177**	**$ 1,770,523**	**$ 2,317,217**	**$ 1,156,060**	**$ 17,710,986**

Porter Hills HUD Entities Combining Statement of Activities

Year Ended June 30, 2023

	HUD Corporate Division	Bailey's Grove	Harvest Way	Oak Ridge	River Grove	Station Creek	Walker Meadow	Total
Operating Revenue								
Net service revenue	$ -	$ 279,598	$ 260,904	$ 341,246	$ 288,081	$ 305,027	$ 290,495	$ 1,765,351
Investment income	-	300	174	723	263	538	254	2,252
Other operating revenue	-	15,820	18,559	15,003	21,205	14,731	15,385	100,703
Total operating revenue	-	295,718	279,637	356,972	309,549	320,296	306,134	1,868,306
Expenses								
Salaries and wages	-	34,952	33,481	34,495	51,111	52,127	36,641	242,807
Employee benefits and payroll taxes	-	10,418	15,928	14,623	7,765	13,901	5,652	68,287
Operating supplies and expenses	-	31,089	29,938	26,329	40,109	32,031	28,819	188,315
Professional services and consultant fees	-	15,345	15,851	16,904	18,011	17,671	15,396	99,178
Repairs and maintenance	-	34,044	35,469	41,487	52,259	32,991	33,041	229,291
Utilities	-	36,589	61,513	39,486	46,928	38,107	36,110	258,733
Depreciation	317,295	80,338	87,710	86,391	97,962	105,604	88,053	863,353
Other	-	91,452	86,158	88,509	79,455	97,366	81,519	524,459
Total expenses	317,295	334,227	366,048	348,224	393,600	389,798	325,231	2,474,423
Excess of Revenue (Under) Over Expenses	(317,295)	(38,509)	(86,411)	8,748	(84,051)	(69,502)	(19,097)	(606,117)
Transfer from Affiliate	-	1,200	450	600	600	600	300	3,750
(Decrease) Increase in Net Assets without Donor Restrictions	**$ (317,295)**	**$ (37,309)**	**$ (85,961)**	**$ 9,348**	**$ (83,451)**	**$ (68,902)**	**$ (18,797)**	**$ (602,367)**