Springpoint Senior Living, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information

December 31, 2019 and 2018

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Independent Auditors' Report

To the Board of Trustees of
Springpoint Senior Living, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Springpoint Senior Living, Inc. and Affiliates (collectively, the Company) which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Springpoint Senior Living, Inc. and Affiliates as of December 31, 2019 and 2018, and the results of their operations and changes in net deficit and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2019, Springpoint Senior Living, Inc. and Affiliates adopted new accounting guidance related to the Financial Accounting Standards Board's Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating and combining financial information (pages 40 through 54) is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets (deficit) and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
May 27, 2020

Springpoint Senior Living, Inc. and Affiliates

Consolidated Balance Sheets
December 31, 2019 and 2018

Assets	2019	2018
Current Assets		
Cash and cash equivalents	$ 36,871,755	$ 33,747,578
Current portion of assets whose use is limited	884,862	661,884
Accounts receivable, net of allowance for doubtful accounts of $2,068,020 in 2019 and $1,874,061 in 2018	15,389,778	13,132,251
Other current assets	6,207,303	6,253,232
Total current assets	59,353,698	53,794,945
Investments	107,768,574	97,078,621
Assets Whose Use is Limited	50,529,537	49,220,213
Investments Held Under Split-Interest Agreements	4,186,979	3,772,509
Investments Held by Others Under Split-Interest Agreements	1,162,585	1,090,387
Beneficial Interest in Perpetual Trusts	3,417,781	3,012,936
Property and Equipment, Net	564,947,686	576,832,726
Goodwill, Net	78,333,494	78,333,494
Derivative Financial Instruments	-	1,977,197
Other Assets, Net	1,685,827	1,955,469
Total assets	$ 871,386,161	$ 867,068,497

Liabilities and Net Deficit	2019	2018
Current Liabilities		
Current maturities of long-term debt and capital lease obligations	$ 9,179,150	$ 5,998,958
Current portion of construction lines of credit	3,046,000	3,088,000
Construction payable	1,399,739	1,459,034
Accounts payable	5,118,867	7,146,228
Accrued expenses	18,672,458	14,743,565
Residents' deposits	3,082,686	2,967,641
Total current liabilities	40,498,900	35,403,426
Long-Term Debt and Capital Lease Obligations	300,517,964	299,305,802
Capital Advances	80,035,527	80,035,527
Liability for Split-Interest Agreements and Deferred Gift Agreements	2,890,001	3,171,100
Refundable Entrance Fees	336,949,400	337,968,164
Deferred Revenue From Entrance Fees	101,557,315	93,514,951
Construction Lines of Credit, Net of Current Portion	23,610,168	24,816,100
Retainage Payable	-	997,711
Derivative Financial Instruments	6,664,744	-
Other Liabilities	4,204,681	3,441,252
Total liabilities	896,928,700	878,654,033
Net Assets (Deficit)		
Net deficit without donor restrictions	(45,238,725)	(35,189,214)
Noncontrolling ownership interest in limited partnerships	8,845,233	11,197,596
Net assets with donor restrictions	10,850,953	12,406,082
Total net deficit	(25,542,539)	(11,585,536)
Total liabilities and net deficit	$ 871,386,161	$ 867,068,497

See notes to consolidated financial statements

Springpoint Senior Living, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets (Deficit)
Years Ended December 31, 2019 and 2018

	2019	2018
Changes in Net Deficit Without Donor Restrictions		
Revenues and other support:		
Revenue from residential facilities	$ 93,298,560	$ 92,259,172
Revenue from healthcare facilities	74,162,716	68,658,357
Services to residents	13,845,385	14,419,679
Contributions and bequests	646,156	708,199
Interest and dividends	2,674,545	2,717,428
Other revenue	1,997,902	1,257,904
Net assets released from restrictions used for operations	4,557,990	990,955
Total revenues and other support	191,183,254	181,011,694
Expenses:		
Professional care of residents	57,588,953	53,200,427
Resident services	5,476,093	5,329,541
Dining services	23,918,562	22,963,347
Operation and maintenance of facility	37,775,274	37,130,216
Housekeeping and laundry	7,291,815	7,492,584
Administrative and general	34,566,899	32,808,228
Resident assistance and program services	745,165	498,926
Marketing	8,132,974	7,303,169
Insurance	3,417,591	3,343,695
Interest	11,517,516	10,466,066
Provision for doubtful accounts	620,094	854,966
Total expenses	191,050,936	181,391,165
Operating income (loss)	132,318	(379,471)
Unrealized gains (losses) on investments	6,938,380	(13,573,249)
Net realized gains on investments	7,681,794	5,385,418
Amortization of entrance fees	18,466,843	16,993,094
Net change in fair value of derivative financial instruments	(8,641,941)	2,860,422
Loss on disposal of fixed assets	(166,619)	(207,679)
Equity contribution from limited partner	-	1,699,790
Transfer to net assets with donor restrictions	-	(60,017)
Goodwill impairment loss	-	(14,980,000)
Net asset transfer	165,072	-
Depreciation and amortization	(36,909,649)	(34,870,465)
Revenues and other support less then expenses	(12,333,802)	(37,132,157)
Pension liability adjustment	(68,072)	(88,213)
Increase in net deficit without donor restrictions	(12,401,874)	(37,220,370)
Changes in Net Assets With Donor Restrictions		
Contributions	1,538,905	1,977,096
Reclassification from net assets without donor restrictions	-	60,017
Change in value of split-interest agreements	95,489	(61,948)
Investment income	969,053	(414,267)
Net unrealized loss on investments	(5,431)	(24,736)
Change in value of perpetual trusts	404,845	(341,847)
Net assets released from restrictions used for operations	(4,557,990)	(990,955)
(Decrease) increase in net assets with donor restrictions	(1,555,129)	203,360
Change in net assets (deficit)	(13,957,003)	(37,017,010)
Net (Deficit) Assets, Beginning	(11,585,536)	25,431,474
Net Deficit, Ending	$ (25,542,539)	$ (11,585,536)

See notes to consolidated financial statements

	2019	(As Adjusted) 2018
Cash Flows From Operating Activities		
Increase in net deficit	$ (13,957,003)	$ (37,017,010)
Adjustments to reconcile increase in net deficit to net cash provided by operating activities:		
Change in value of split-interest agreements	(95,489)	61,948
Net change in fair value of derivative financial instruments	8,641,941	(2,860,422)
Goodwill impairment loss	-	14,980,000
Depreciation and amortization	36,909,649	34,870,465
Loss on disposal of fixed assets	166,619	207,679
Net realized and unrealized (gains) losses on investments	(14,614,743)	8,212,567
Amortization of entrance fees	(18,466,843)	(16,993,094)
Interest component of deferred financing costs	214,203	230,542
Amortization of bond premium	(87,750)	(87,751)
Write off of marketing costs	-	(1,172,721)
Net cash received under nonrefundable entrance fee plans	19,814,148	18,458,933
Change in investments held by others under split-interest agreements	(72,198)	(132,851)
Change in beneficial interest in perpetual trusts	(404,845)	341,847
Changes in assets and liabilities:		
Accounts receivable, net	(2,257,527)	(485,571)
Other current assets	45,929	426,065
Other assets	269,642	1,526,250
Accounts payable	(2,027,361)	(364,888)
Accrued expenses	3,928,893	(1,032,529)
Residents' deposits	115,045	357,970
Other liabilities	763,429	(1,080,533)
Net cash provided by operating activities	18,885,739	18,446,896
Cash Flows From Investing Activities		
Net sales of investments and assets whose use is limited	2,850,581	6,228,744
Payment of construction payable for property and equipment	(2,456,745)	(4,338,306)
Purchases of property and equipment	(23,428,916)	(31,311,859)
Net cash used in investing activities	(23,035,080)	(29,421,421)
Cash Flows From Financing Activities		
Payment of long-term debt and capital lease obligation	(6,025,511)	(11,661,980)
Proceeds from long-term debt	10,000,000	4,209,601
Borrowings on construction lines of credit	1,840,068	7,888,450
Payment of construction lines of credit	(3,088,000)	(1,602,000)
Net cash received under refundable entrance fee plans	5,676,295	2,572,853
(Payments) Receipts under deferred gift agreements and split-interest agreements	(185,610)	5,748
Payment of deferred financing costs	(71,161)	-
Net cash provided by financing activities	8,146,081	1,412,672
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	3,996,740	(9,561,853)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	57,445,273	67,007,126
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 61,442,013	$ 57,445,273
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 11,486,358	$ 10,779,410
Supplemental Disclosure of Noncash Activities		
Capital lease obligation incurred for property and equipment	$ 362,573	$ 174,573
Construction payable for property and equipment	$ 1,399,739	$ 2,456,745
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 36,871,755	$ 33,747,578
Cash and cash equivalents included in the current portion of assets whose use is limited	884,108	632,644
Cash and cash equivalents included in assets whose use is limited	23,686,150	23,065,051
Total cash, cash equivalents and restricted cash and cash equivalents	$ 61,442,013	$ 57,445,273

See notes to consolidated financial statements

1. Organization

Springpoint Senior Living, Inc. (SSL) is a not-for-profit organization located in Wall, New Jersey. SSL provides administrative, financial and support services to its affiliated organizations.

Springpoint Senior Living, Inc. and Affiliates (the Company) consists of SSL, and the following affiliates which are controlled through common board membership. All members of the Company described below are not-for-profit corporations, except as otherwise noted.

Continuing Care Retirement Communities:

Springpoint at Monroe Village, Inc. (Monroe)
Springpoint at Meadow Lakes, Inc. (Meadow Lakes)
Springpoint at Crestwood, Inc. (Crestwood)
Springpoint at Montgomery, Inc. (Montgomery)
Springpoint at The Atrium, Inc. (Atrium)
Marcus L. Ward Home (Winchester Gardens)
Springpoint at Denville, Inc. (The Oaks)
Springpoint at Lewes, Inc. (The Moorings)

Skilled Nursing Community:

Springpoint at Half Acre Road, Inc. (Village Point)

Non-facility Based:

Springpoint Foundation (the Foundation)
Springpoint at Haddonfield, Inc.
Integrated Management Services, Inc.
Springpoint Realty, Inc.
Senior Net, Inc.
Springpoint at Home, Inc. (Springpoint at Home)
Presbyterian Home at Wall, Inc.
Presbyterian Home of Plainfield, Inc.
Springpoint Of Northern New Jersey, Inc.
Cadbury at Cherry Hill, Inc.
Cadbury Continuing Care at Home, Inc.
Springpoint Choice, Inc. (Springpoint Choice)
Springpoint at Manalapan, Inc.
Springpoint at Tinton Falls, Inc.

Non-facility Based For-Profit:

Princeton Senior Living, LLC (PSL)
Affordable Housing Solutions, Inc. (AHS)
Plainfield Tower Solutions, Inc. (PTS)
Manchester Housing Solutions, Inc. (MHS)

The following affiliates are controlled by SSL's ability to appoint board members:

Affordable Housing Communities:

The Presbyterian Home at Galloway, Inc. (Countryside Meadows)
The Presbyterian Home at Franklin (Franklin)
The Presbyterian Home at Atlantic Highlands, Inc. (Portland Pointe)
Middlesex Borough Senior Citizens Housing Corporation (Watchung Terrace)
The Presbyterian Home at Howell, Inc. (Crossroads)
The Presbyterian Home at Stafford, Inc. (Stafford by the Bay)
The Presbyterian Home at East Windsor, Inc. (Wheaton Pointe)
The Presbyterian Home at West Windsor, Inc. (The Gables)
The Presbyterian Home at Dover, Inc. (Dover)
The Presbyterian Home at Manchester, Inc. (Manchester Pines)

SSL has a 0.01 percent general partner interest in the following "Limited Partnerships", which operate Low Income Housing Tax Credit Communities:

Asbury Senior Citizens Housing, LP (Asbury)
Butler Senior Citizens Housing, LP (Butler)
Howell Senior Citizens Housing, LP (Howell)
Mount Holly Senior Citizens Housing, LP (Mount Holly)
Wall Senior Citizens Housing, LP (Wall)
Plainfield Senior Citizens Housing, LP (Plainfield)
Ramsey Senior Citizens Housing, LP (Ramsey)
Manchester Senior Housing, LP (Heritage at Whiting)

As general partner, SSL controls the major operating and financial policies of the Limited Partnerships. As a result, the Limited Partnerships are accounted for as subsidiaries of the general partner for financial reporting purposes. Profits and losses of the Limited Partnerships, arising from project operations and cash flows, to the extent available, are generally allocated to the general partner at the percentage above. Cumulative losses allocable to the limited partners cannot exceed the limited partners' investment in the partnerships. Losses in excess of that amount are allocable to the general partner.

The limited partners in the Limited Partnerships are not controlled by, or related to, the Company.

Changes in net assets without donor restrictions attributable to the Company's controlling interest and the Company's noncontrolling ownership interest in limited partnerships were as follows:

	Total	Controlling Interest	Noncontrolling Interest
Balances at January 1, 2018	$ 13,344,522	$ 1,100,108	$ 12,244,414
Revenues less than expenses	(2,746,882)	(274)	(2,746,608)
Capital contributions	1,810,186	110,396	1,699,790
Balances at December 31, 2018	12,407,826	1,210,230	11,197,596
Revenues in excess of expenses	47,343	47,343	-
Capital distributions	(2,352,597)	(234)	(2,352,363)
Balances at December 31, 2019	$ 10,102,572	$ 1,257,339	$ 8,845,233

The consolidated financial statements include the accounts of all of the entities listed above. All intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with a maturity of three months or less at date of purchase to be cash equivalents, except for those classified as investments and assets whose use is limited. For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues and other support less than expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Company's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Alternative investments (nontraditional, not readily marketable asset classes) within the investments and assets whose use is limited are structured such that the Company holds limited partnership interests and other forms of ownership that are stated at fair value as estimated in an unquoted market. Individual investment holdings may, in turn, include investments in both nonmarketable and market-traded securities. Valuation of the nonmarketable securities is determined by the investment manager. Generally, the fair value of the Company's holdings reflect net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The investments may indirectly expose the Company to securities lending, short sales and trading in futures and forward contract options and other derivative products. The Company's risk is limited to its carrying value. Amounts can be divested only at specified times (e.g., semiannually). The financial statements of the investees are audited annually by independent auditors.

Assets Whose Use is Limited

Assets whose use is limited are recorded at fair value which is determined by reference to quoted market prices. Assets whose use is limited consist of funds held under bond indenture agreements, U.S. Department of Housing and Urban Development (HUD) agreements, Low Income Housing Tax Credit Community (LIHTC) reserves and other limited uses (see Note 6).

Accounts Receivable

The Company assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowances are estimated by management based on general factors such as payor mix, aging of the receivables and historical collection experience. Accounts are written off through bad debt expense when the Company has exhausted all collection efforts and accounts are deemed impaired.

Residents' Deposits

Residents' deposits consist of security deposits and other refundable deposits. Security deposits are refundable according to the terms of the specific deposit agreement. Deposits held for those who have entered into a residency agreement are refundable prior to establishing occupancy. When residency is established, deposited amounts are applied to the remaining entrance fee payment which is payable upon occupancy.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the term of the related lease.

Impairment losses are recognized in the consolidated statements of operations and changes in net assets (deficit) as a component of revenues less than expenses as they are determined. The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Company calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. No impairment losses were recognized in 2019 and 2018.

Rental Property

Rental property which is included in property and equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Goodwill

The Company evaluates goodwill for impairment on an annual basis. The Company assesses qualitative factors (events and circumstances) to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the assessment of qualitative factors results in a conclusion that it is more likely than not that the fair value of the Company is less than its carrying amount, including goodwill, the Company is required to perform additional testing to identify potential impairment and, if necessary, to measure the amount of impairment loss, if any, as required by authoritative guidance. Goodwill represents amounts recorded upon the transfer of membership of Winchester Gardens in the amount of $38,678,853, The Moorings in the amount of $19,297,864, Cadbury Continuing Care at Home in the amount of $3,268,699 and Monroe in the amount of $675,588 at the dates of acquisition. Goodwill also includes amounts recorded upon the purchase of a home care agency by Springpoint at Home in the amount of $2,270,749, and the purchase of a continuing care retirement community by Springpoint at Denville, Inc. in the amount of $29,121,740.

Based on the assessment of various qualitative factors and a quantitative assessment for Winchester Gardens, as of December 31, 2019, management concluded that it is more likely than not that the fair value of Winchester Gardens, The Moorings, Cadbury Continuing Care at Home and Monroe exceeded their carrying amount, including goodwill. Therefore, additional testing to identify potential impairment was unnecessary.

For the year ended December 31, 2018, the actual results from operations of Winchester Gardens were materially less from what management had originally projected based on various operational changes as well as occupancy decreases due to construction of a new health center. The losses represented a triggering event that required management to assess goodwill for impairment. Based upon a discounted cash flow model, management's calculations determined that the carrying value of Winchester Gardens exceeded its fair value at December 31, 2018, and therefore, a related impairment charge of $14,980,000 was taken for the year ended December 31, 2018 as reflected in the consolidated statements of operations.

Other Assets

Included in other assets are project development costs, project acquisition costs, costs associated with a noncompete agreement, tax credit monitoring fees and purchased licenses.

The project acquisition costs represent expenses associated with acquiring new properties. Acquisition costs are related to Winchester Gardens, Springpoint at Home and The Oaks. These costs were capitalized and are being amortized using the straight-line method. At December 31, 2019 and 2018, the project acquisition costs, net of accumulated amortization, were $508,113 and $616,464, respectively. Accumulated amortization at December 31, 2019 and 2018 was $575,392 and $467,041, respectively.

Tax credit monitoring fees represent costs incurred to obtain tax credits to finance the construction or rehabilitation of low income housing tax credit communities. These costs were capitalized and are being amortized over 15 years using the straight-line method, which approximates the effective interest method. At December 31, 2019 and 2018, tax credit fees, net of accumulated amortization, were $255,732 and $319,853, respectively. Accumulated amortization at December 31, 2019 and 2018 was $706,066 and $641,945, respectively.

Also included in other assets as of December 31, 2019 and 2018 is $700,000 of purchased licenses to operate fifty nursing home beds that are determined to have an indefinite useful life. The assets are not amortized, but instead tested for impairment at least annually in accordance with the authoritative guidance which also requires that intangible assets with estimated useful lives be amortized over their respective estimated useful lives to their estimated residual values.

Split-Interest Agreements

The Foundation has been designated as the remainderman under several charitable remainder trust agreements. In accordance with the trust agreements, the Foundation pays the designated beneficiaries a specified percentage of the income earned on the trust assets or a predetermined annual annuity amount. Upon the death of the beneficiaries, the trust assets are transferred to the Foundation.

The Foundation recognizes contribution revenue at the time an irrevocable charitable remainder trust is created in the amount of the excess of the fair value of the trust assets received over the liability for the present value of the estimated future payments to beneficiaries using a discount rate of 6 percent.

Beneficial Interest in Perpetual Trusts

The Foundation has been designated the beneficiary under several perpetual trusts. A perpetual trust is held by a third-party and is an arrangement in which the donor establishes and funds a trust to exist in perpetuity that is administered by an individual or organization other than the beneficiary. The Foundation has the irrevocable right to receive the income earned on the trust's assets but will never receive the assets themselves. The Foundation recognizes contribution revenue at the time an irrevocable trust is created at the fair value of the trust's assets, which approximates the discounted present value of cash flows from the beneficial interest. The contribution revenue is classified as permanently restricted. The Foundation revalues its interest in the perpetual trusts annually and reports any gains or losses as changes to the value of the trusts in the consolidated statements of operations and changes in net assets (deficit) as changes in net assets with restrictions.

Deferred Revenue From Entrance Fees

Residents at the Continuing Care Retirement Communities are required to pay a fee to obtain a nontransferable right to lifetime occupancy at one of the retirement communities. Residents entered into different types of continuing care contracts depending on their move-in date and the facility they reside in. In addition, members of the Springpoint Choice program are required to pay a fee to obtain the right to receive certain healthcare services in their private homes as well as other healthcare facilities. Under the terms of the various contracts, entrance fees may be nonrefundable or partially refundable. Nonrefundable entrance fees are recorded as deferred revenue upon receipt and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted at the beginning of each year. Refundable entrance fees are classified as a liability on the consolidated balance sheets.

Gross contractual refund obligations at December 31, 2019 and 2018 were $346,605,508 and $346,593,825, respectively. The refundable entrance fees and deferred revenue from entrance fees reported on the consolidated balance sheets totaling $438,506,715 and $431,483,115 as of December 31, 2019 and 2018, respectively, are impacted by the portion of the entrance fee earned through amortization and amounts used by those residents under refundable contracts in a higher level of care.

Obligation to Provide Future Services

Meadow Lakes, Monroe, Crestwood, Montgomery, Atrium, The Oaks, The Moorings and Springpoint Choice calculate the present value of the net cost of future service and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net obligation to provide future service and use of facilities (discounted at 5 percent) exceeds the deferred revenue from entrance fees, a liability is recorded with the corresponding charge to income. This calculation is performed periodically. At December 31, 2019, deferred revenue from entrance fees exceeded the calculation of the present value of the net cost of future services for Meadow Lakes, Monroe, Crestwood, Montgomery, Atrium, The Oaks, The Moorings and Springpoint Choice. Therefore, an additional liability for an obligation to provide future services and use of facilities is not required.

Derivative Financial Instruments

The Springpoint Senior Living Obligated Group (the 2015 Obligated Group) consists of SSL, Crestwood, Meadow Lakes, Monroe and the Foundation. The 2015 Obligated Group entered into interest rate swap agreements, which are considered derivative financial instruments, to manage interest rate risk on their long-term debt. Atrium, Montgomery, Winchester Gardens and Village Point have also entered into interest rate swap agreements.

The interest rate swap agreements are reported at fair value in the accompanying consolidated balance sheets and related changes in fair value are reported in the consolidated statements of operations and changes in net assets (deficit) as a change in fair value of derivative financial instruments within the performance indicator, since there are no hedging designations. The (liability) asset for the fair value of the interest rate swap agreements is $(6,664,744) and $1,977,197 at December 31, 2019 and 2018, respectively.

Estimated Third-Party Payor Settlements

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are recorded in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in the consolidated statements of operations and changes in net assets (deficit) in the year of the settlement. No material amounts related to prior year settlements were recorded during 2019 or 2018.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets 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 gifts are reported as net assets with donor restrictions 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, restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets (deficit) as net assets released from restrictions.

Net Assets (Deficit)

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

Net Assets (Deficit) Without Donor Restrictions – net assets (deficit) not externally restricted for identified purposes by donors or grantors and include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Company and an outside party other than a donor or grantor.

Net Assets With Donor Restrictions - those whose use by the Company has been limited by donors to a specific period or purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

When certain donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Net assets with donor restrictions includes split-interest agreements, which have a time restriction and funds raised for the benefit of residents and community needs.

All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. The change in fair value of the beneficial interest in perpetual trusts held by third parties is included in the change in net assets with donor restrictions.

Residential and Healthcare Facilities Revenues

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

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

Healthcare Facilities

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

Services to Residents

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

Residential Facilities

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

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

For residents with a continuing care contract, revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenue from entrance fees on the consolidated balance sheets. Amortization of nonrefundable entrance fees is included as amortization of entrance fees in the consolidated statements of operations and changes in net assets (deficit) and was $18,466,843 in 2019 and $16,993,094 in 2018, respectively.

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

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

Rental income from the affordable housing communities and the low-income housing tax-credit communities of approximately $20,100,000 in 2019 and $19,800,000 in 2018 is recognized monthly over the lease term at the amounts due. These amounts are included in self-pay residential facilities in Note 4.

Performance Indicator

Operating income (loss) included on the consolidated statements of operations and changes in net assets (deficit) excludes certain noncash items and investment income. The consolidated statements of operations and changes in net assets (deficit) includes revenues and other support less than expenses as the performance indicator. Changes in net deficit without donor restrictions which are excluded from revenues and other support less than expenses, consistent with industry practice, include pension liability adjustment.

Malpractice

The Company maintains professional liability coverage through a commercial insurance carrier on a claims-made basis.

Income Taxes

The member entities of the Company, except for PSL, PTS, AHS, and MHS and the Limited Partnerships are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on their exempt income under Section 501(a) of the Code. The provision for income taxes for PSL, PTS, AHS, and MHS and the Limited Partnerships is not material to the Company. The member entities are also exempt from state and local income taxes under similar statutes.

The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2019 and 2018.

3. New Accounting Standards

Lease Accounting

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated balance sheets and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the consolidated balance sheets. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Company's leasing activities. The Company will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2020. The Company has not yet determined the impact of adoption of ASU No. 2016-02 on its consolidated financial statements.

Restricted Cash

In 2019, the Company retrospectively adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

The following line items on the consolidated statement of cash flows for the year ended December 31, 2018 were affected by this change in accounting principle:

	As Previously Reported	As Reported under ASU No. 2016-18	Effect of Change
Net sales of investments and assets whose use is limited	$ 10,978,299	$ 6,228,744	$ (4,749,555)
Net cash used in investing activities	(24,671,866)	(29,421,421)	(4,749,555)
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	-	(9,561,853)	(9,561,853)
Cash, cash equivalents and restricted cash and cash equivalents, beginning of year	-	67,007,126	67,007,126
Cash, cash equivalents and restricted cash and cash equivalents, end of year	-	57,445,273	57,445,273
Net increase in cash and cash equivalents	1,857,723	-	(1,857,723)
Cash and cash equivalents, beginning of year	38,559,876	-	(38,559,876)
Cash and cash equivalents, end of year	33,747,578	-	(33,747,578)

Contributions

In 2019, the Company adopted FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Adoption of ASU No. 2018-08 did not have a significant impact on the Company's consolidated financial statements.

Defined Benefit Plans

During August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 modifies and clarifies the required disclosures for employers that sponsor defined benefit pension or other postretirement plans. These amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU No. 2018-14 is effective for fiscal years ending after December 15, 2021. Early adoption is permitted. The Company does not believe that the adoption of ASU No. 2018-14 will have a material effect on its results of operation, financial position and cash flows.

Fair Value Measurements

During August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in *Topic 820, Fair Value Measurement*. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting - Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company does not believe that the adoption of ASU No. 2018-13 will have a material effect on its results of operation, financial position and cash flows.

Goodwill

During January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has not yet determined the impact of adoption of ASU No. 2017-04 on its consolidated financial statements.

4. Net Resident Service Revenues

The Company disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended December 31:

	2019			
	Healthcare Facilities	Services to Residents	Residential Facilities	Total
Self-pay	$ 42,814,736	$ 13,845,385	$ 93,298,560	$ 149,958,681
Medicare and other	24,665,280	-	-	24,665,280
Medical assistance	6,682,700	-	-	6,682,700
Amortization of nonrefundable entrance fees	-	-	18,466,843	18,466,843
Total	$ 74,162,716	$ 13,845,385	$ 111,765,403	$ 199,773,504

	2018			
	Healthcare Facilities	Services to Residents	Residential Facilities	Total
Self-pay	$ 40,235,879	$ 14,419,679	$ 92,259,172	$ 146,914,730
Medicare and other	22,369,878	-	-	22,369,878
Medical assistance	6,052,600	-	-	6,052,600
Amortization of nonrefundable entrance fees	-	-	16,993,094	16,993,094
Total	$ 68,658,357	$ 14,419,679	$ 109,252,266	$ 192,330,302

5. Investments

The classification and composition of the Company's investments is set forth in the following table:

	2019	2018
Cash and cash equivalents	$ 431,633	$ 5,664,221
Alternative investments, limited partnerships	477,506	756,897
Commingled funds	22,329,072	23,198,198
Common stock	7,526,060	5,976,742
Fixed income	26,228,287	20,942,610
Fixed income mutual funds	2,212,940	2,580,946
Equity mutual funds	48,563,076	37,959,007
Total	$ 107,768,574	$ 97,078,621

6. Assets Whose Use Is Limited

The classification and composition of the Company's assets whose use is limited is set forth in the following table:

	2019	2018
Cash and cash equivalents	$ 24,655,433	$ 24,854,051
Alternative investments, limited partnerships	29,997	79,094
Fixed income mutual funds	594,700	603,523
Equity mutual funds	10,734,812	8,578,874
Fixed income	10,008,550	8,341,850
Common stock	1,366,339	1,281,289
Commingled funds	4,024,568	6,143,416
Total	51,414,399	49,882,097
Less current portion	884,862	661,884
Assets whose use is limited, noncurrent	$ 50,529,537	$ 49,220,213

Assets whose use is limited are held for the following purposes at December 31:

	2019	2018
Bond indenture agreements	$ 7,478,161	$ 7,278,985
Liquid reserve	20,107,004	17,543,785
HUD reserve funds	5,943,679	5,894,351
LIHTC reserve funds	9,241,058	8,891,114
Residents' Assistance Fund	2,355,733	2,007,126
Residents' deposits	1,673,999	1,399,454
Other donor restricted funds	2,261,844	5,050,885
Deferred SERP compensation	2,119,557	1,582,605
Construction fund escrow	233,364	233,792
Total	$ 51,414,399	$ 49,882,097

7. Fair Value of Financial Instruments

The Company measures its investments, investments held under split-interest agreements, investments held by others under split-interest agreements, beneficial interest in perpetual trusts and assets whose use is limited at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The financial instruments listed below were measured using the following inputs at December 31:

	2019			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Reported at Fair Value				
Common stock	$ 8,892,399	$ 8,892,399	$ -	$ -
Equity mutual funds:				
Managed Vol. Fund	769,460	769,460	-	-
Large cap	25,663,697	25,663,697	-	-
Small cap	10,178,660	10,178,660	-	-
International	18,366,905	18,366,905	-	-
Real return	4,319,166	4,319,166	-	-
Fixed income mutual funds, Core	2,807,640	2,807,640	-	-
Fixed income	36,236,837	-	36,236,837	-
Alternative investment, limited partnerships	507,503	-	-	507,503
Investments held under split-interest agreements	4,186,979	-	4,186,979	-
Investments held by others under split-interest agreements	1,162,585	-	-	1,162,585
Beneficial interest in perpetual trusts	3,417,781	-	-	3,417,781
	116,509,612	$ 70,997,927	$ 40,423,816	$ 5,087,869
Cash and cash equivalents	25,087,066			
Total	$ 141,596,678			

	2018			
	Fair Value	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Reported at Fair Value				
Common stock	$ 7,258,031	$ 7,258,031	$ -	$ -
Equity mutual funds:				
Managed Vol. Fund	428,873	428,873	-	-
Large cap	15,827,867	15,827,867	-	-
Small cap	5,203,290	5,203,290	-	-
International	16,568,789	16,568,789	-	-
Real return	8,509,062	8,509,062	-	-
Fixed income mutual funds, Core	3,184,469	3,184,469	-	-
Fixed income	29,284,460	-	29,284,460	-
Alternative investment, limited partnerships	835,991	-	-	835,991
Investments held under split-interest agreements	3,772,509	-	3,772,509	-
Investments held by others under split-interest agreements	1,090,387	-	-	1,090,387
Beneficial interest in perpetual trusts	3,012,936	-	-	3,012,936
	94,976,664	$ 56,980,381	$ 33,056,969	$ 4,939,314
Cash and cash equivalents	30,518,272			
Total	$ 125,494,936			

The assets are included on the consolidated balance sheets at December 31, 2019 and 2018 as follows:

	2019	**2018**
Current portion of assets whose use is limited	$ 884,862	$ 661,884
Investments	107,768,574	97,078,621
Assets whose use is limited	50,529,537	49,220,213
Investments held under split-interest agreements	4,186,979	3,772,509
Investments held by others under split-interest agreements	1,162,585	1,090,387
Beneficial interest in perpetual trusts	3,417,781	3,012,936
	167,950,318	154,836,550
Less commingled funds, measured at net asset value	26,353,640	29,341,614
Total	$ 141,596,678	$ 125,494,936

The alternative investments are valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to the alternative investments in 2019 and 2018 are as follows:

	2019	2018
Beginning balance	$ 835,991	$ 1,089,930
Sales	(167,464)	(397,363)
Unrealized loss	(321,375)	(143,226)
Realized gain	160,351	286,650
Ending balance	$ 507,503	$ 835,991

The following information related to the alternative investments discusses the nature and risk of the investments and whether they have redemption restrictions as of December 31, 2019.

	December 31, 2019 Fair Value	December 31, 2018 Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited partnerships, equity	$ 507,503	$ 835,991	N/A	None

The limited partnerships are private equity investment funds that seek capital appreciation by investing in securities of various types. Redemptions are not permitted and liquidity is available to the extent of distributable realized events.

As of December 31, 2019 and 2018, the Company has no future commitments to invest in Limited Partnerships.

The investments held by others under split-interest agreements are valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to investments held by others under split-interest agreements are as follows as of December 31:

	2019	2018
Beginning balance	$ 1,090,387	$ 957,536
Net valuation gain	72,198	132,851
Ending balance	$ 1,162,585	$ 1,090,387

The beneficial interest in perpetual trusts is valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to the beneficial interest in perpetual trusts as of December 31:

	2019	2018
Beginning balance	$ 3,012,936	$ 3,354,783
Net valuation gain(loss)	404,845	(341,847)
Ending balance	$ 3,417,781	$ 3,012,936

The following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in methodologies used at December 31, 2019 and 2018.

Common stock is valued using quoted market prices in active markets.

Mutual funds and exchange traded funds are valued at fair value based on quoted market prices which are considered Level 1 inputs.

Fixed income securities are valued using quoted market prices of similar securities, which are considered Level 2 inputs.

Alternative investments are valued using unobservable inputs, which are considered Level 3 inputs and are discussed in Note 1.

Investments held under split-interest agreements are valued at the fair value of the underlying investments.

Investments held by others under split-interest agreements are valued based on the underlying assets of the funds, which represents a proxy for discounted present value of future cash flows.

Beneficial interest in perpetual trusts is valued at fair value which takes into consideration the underlying investments and the Foundation's interest in the trusts. This approximates the present value of the future distributions expected to be received.

Commingled funds are valued based on the current market values of the underlying assets reported by the investment advisor using audited financial statements of the funds at year end using net asset value (NAV) of shares held.

The following information relates to the commingled funds and discusses the nature and risk of the investments and whether they have redemption restrictions. There were no unfunded commitments as of December 31, 2019.

	December 31, 2019 Fair Value	December 31, 2018 Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Periods
Equity funds	$ 7,125,965	$ 9,185,408	Monthly	6-15 days
Fixed income funds	19,227,675	20,156,206	Daily or Monthly	10-15 days

Equity funds' strategy is to achieve long-term growth primarily by investing in a diversified portfolio of global equity securities.

Fixed income funds' strategy is to achieve income-oriented returns from a globally diversified portfolio of primarily debt or debt-like securities.

8. Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Land and land improvements	$ 42,590,799	$ 42,485,356
Buildings and improvements	683,284,735	662,945,902
Rental property	216,512,021	215,984,655
Furniture and fixtures	20,007,043	19,586,660
Equipment	47,745,676	43,806,165
Leasehold improvements	135,161	135,161
Total	1,010,275,435	984,943,899
Less accumulated depreciation	(449,071,696)	(413,681,604)
Construction in progress	3,743,947	5,570,431
Property and equipment, net	$ 564,947,686	$ 576,832,726

Equipment includes equipment held under capital lease obligations with a carrying value of $894,500 and $683,701 at December 31, 2019 and 2018, respectively.

Included in construction in progress as of December 31, 2019 and 2018 is $0 and $997,711, respectively, of retainage payable. Also included in construction in progress is $71,968 and $280,383 of capitalized interest as of December 31, 2019 and 2018, respectively.

Depreciation expense was $36,737,178 and $34,696,549 during 2019 and 2018, respectively. During 2019, certain property and equipment was disposed of, reducing accumulated depreciation by $1,347,086.

9. Long-Term Debt

Long-term debt consists of the following at December 31:

	2019	2018
Affordable Housing Program loans due October 8, 2019, February 10, 2020 and March 1, 2024, bearing no interest.	$ 3,136,140	$ 3,136,140
Asbury, First mortgage (Tranche A) payable in monthly installments with interest at 5.9% per annum through 2050.	8,485,049	8,581,090
Asbury, First mortgage (Tranche B) payable in monthly installments with interest at 5.65% per annum through 2021.	355,322	622,093
Asbury, Mortgage note payable, interest is accrued at 1% compounding per annum through 2050, payable to the extent of net cash flow as defined in the mortgage agreement, unpaid principal and interest is due in 2050.	6,654,000	6,654,000

		2019		2018
Asbury, Mortgage note payable, interest is accrued at 1% per annum through 2050, payable to the extent of net cash flow as defined in the mortgage agreement, unpaid principal and interest is due in 2050.	$	1,643,896	$	1,643,896
Asbury, Promissory note payable, interest is accrued at 0.25% per annum through 2048, under the terms of the loan, the Partnership is entitled to a full release of the mortgage provided the Project is maintained as an affordable property for 15 years.		4,150,000		4,150,000
Butler, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.		4,708,552		4,863,829
Howell, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.		4,248,816		4,388,933
Wall, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.		4,045,725		4,179,147
Mount Holly, Second mortgage payable, interest is accrued at 1% per annum thru 2037 and is payable to the extent of net cash flow, as defined in the Mortgage agreement, unpaid principal and interest is due in 2037.		1,380,079		1,380,079
Mount Holly, Third mortgage payable, interest is accrued at 1% per annum thru 2036, unpaid principal and interest is due at maturity in 2036.		580,000		580,000
Plainfield, First mortgage payable in monthly installments with interest at 7.1% per annum through 2039.		6,377,725		6,517,437
Ramsey, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.		5,082,561		5,250,180
Heritage at Whiting, First mortgage note I, payable in monthly installments with interest at 4.35% per annum through 2037.		440,629		456,646
Heritage at Whiting, mortgage payable, at 1% interest commencing in 2019. Principal and interest due April 28, 2048.		7,849,580		7,849,580
New Jersey Economic Development Authority (NJEDA), Series 2014 variable rate Revenue Refunding Bonds, issued on behalf of Winchester Gardens, due in varying annual installments through November 2034. The bonds have a variable rate of the sum of 1 month LIBOR plus 145 basis points x 84%. As of December 31, 2019, the rate was 2.18%.		27,205,000		27,205,000
NJEDA Variable Rate Revenue Bonds, Springpoint Senior Living 2015 Obligated Group, Series 2015 tax-exempt bonds with maturities through 2035 and interest at 65% of 1 month LIBOR plus 98.5 basis points. At December 31, 2019, the rate was 2.08%.		21,448,000		22,529,000

	2019	2018
NJEDA Variable Rate Revenue Bonds, Springpoint Senior Living 2015 Obligated Group, Series 2015 taxable bonds with maturities through 2038 and interest at 1 month LIBOR plus 150 basis points. At December 31, 2019, the rate was 3.21%.	$ 41,284,000	$ 42,555,000
NJEDA Variable Rate Revenue Bonds, Series 2015 tax-exempt, issued on behalf of Montgomery, with maturities through 2037 and interest at 1 month LIBOR x 81.43% plus 122 basis points. At December 31, 2019, the rate was 2.65%.	48,356,000	48,356,000
NJEDA Variable Rate Revenue Bonds, Series 2015A tax-exempt bonds, issued on behalf of Atrium, with maturities through 2040 and interest at the sum of 1 month LIBOR plus 200 basis points x 65%. At December 31, 2019, the rate was 2.41%.	19,273,000	19,800,000
NJEDA Variable Rate Revenue Bonds, Series 2015B tax-exempt bonds, issued on behalf of Atrium, with maturities through 2020 and interest at the sum of 1 month LIBOR plus 165 basis points x 65%. At December 31, 2019, the rate was 2.18%.	1,408,150	1,408,150
Bank Loan, issued on behalf of Atrium, with maturities through 2029 and interest at 1 month LIBOR plus 145 basis points. At December 31, 2019, the rate was 3.16%.	9,907,500	-
NJEDA Variable Rate Revenue Bonds, Series 2015 tax-exempt bonds, issued on behalf of Village Point, with maturities through 2045 and interest at the sum of 1 month LIBOR x 75% plus 178 basis points. At December 31, 2019, the rate was 3.06%.	26,944,000	27,454,000
NJEDA Fixed Rate Revenue Bonds, Series 2016 tax-exempt bonds, issued on behalf of The Oaks, with maturities through 2041 and interest at 2.3%.	18,500,000	18,500,000
Taxable Series 2016 Term Loan, issued on behalf of The Oaks, with maturities through 2033 and interest at 3.5%.	18,029,000	18,500,000
Bank Loan, issued on behalf of The Oaks, with maturities through 2042 and interest at 4.65%.	1,706,836	1,748,055
Sussex County, Delaware Series 2016 tax-exempt Revenue Bonds, issued on behalf of The Moorings, with maturities through 2036 and interest rates ranging from 2.0 to 5.0%.	16,500,000	17,065,000
Bank Loan, issued on behalf of Springpoint at Home, with maturities through 2021 and interest at 4.75%.	986,522	1,141,563

	2019	2018
Capital lease obligations	$ 849,499	$ 683,701
Total	311,535,581	307,198,519
Less:		
Deferred finance cost, net	3,242,472	3,385,514
Unamortized bond premium	(1,404,005)	(1,491,755)
Current maturities	9,179,150	5,998,958
Long-term debt, net	$ 300,517,964	$ 299,305,802

The Company has entered into note agreements with banks under the Affordable Housing Program (AHP) of the Federal Home Loan Bank of New York whereby the banks advanced to the Company an amount not to exceed $778,780 each for development of Franklin, Stafford by the Bay and Dover and $800,000 for Manchester Pines. The notes are collateralized by security agreements on the real estate owned by the Company. The notes bear no interest and are not required to be repaid so long as the housing remains available to eligible very low-income elderly persons or very low-income persons for a period of 15 years in accordance with federal regulations which govern the operations of AHP. The maturity dates of the notes are February 12, 2020, February 14, 2020, March 1, 2024 and May 6, 2026 for Franklin, Stafford by the Bay, Dover and Manchester Pines, respectively. If the Company defaults on the notes, interest will be payable at a default rate of interest and shall be due on demand.

The Low Income Housing Tax Credit Communities have entered into mortgage payables that are secured by a lien on the entity's Partnership's Project and Land as well as an assignment of tenant lease agreements.

On November 1, 2014, the NJEDA issued on behalf of Winchester Gardens, $31,285,000 Series 2014 bonds (Series 2014 bonds). Proceeds from the Series 2014 bonds were used to refund a prior bond issue and pay certain costs incurred in connection with the issuance of the Series 2014 Bonds. The Series 2014 bonds are collateralized by substantially all property and equipment of Winchester Gardens and a pledge of gross receipts.

On December 1, 2015, the NJEDA issued, on behalf of the 2015 Obligated Group (SSL, the Foundation, Meadow Lakes, Monroe and Crestwood), $30,945,000 Variable Rate Revenue Bonds (Obligated Group Series 2015 tax-exempt bonds). The proceeds from the Obligated Group Series 2015 tax-exempt bonds were allocated to each member of the 2015 Obligated Group based on their direct use of the proceeds. The total proceeds were used to refund prior bond issues and pay certain costs incurred in connection with the issuance of the Obligated Group Series 2015 tax-exempt bonds. The Obligated Group Series 2015 tax-exempt bonds are collateralized by substantially all property and equipment of the 2015 Obligated Group and a pledge of gross receipts. All members of the 2015 Obligated Group are jointly and severally liable for all outstanding obligations with respect to the Obligated Group 2015 tax-exempt bonds.

On December 1, 2015, the NJEDA issued, on behalf of the 2015 Obligated Group, $42,555,000 Variable Rate Revenue Bonds (Obligated Group Series 2015 taxable bonds). The proceeds from the Obligated Group Series 2015 taxable bonds were allocated to each member of the 2015 Obligated Group based on their direct use of the proceeds. The total proceeds were used to refund prior bond issues and pay certain costs incurred in connection with the issuance of the Obligated Group Series 2015 taxable bonds. The Obligated Group Series 2015 taxable bonds are collateralized by substantially all property and equipment of the 2015 Obligated Group and a pledge of gross receipts. All members of the 2015 Obligated Group are jointly and severally liable for all outstanding obligations with respect to the Obligated Group Series 2015 taxable bonds.

On December 1, 2015, the NJEDA issued on behalf of Montgomery, $50,085,000 Variable Rate Revenue Bonds (the Montgomery Series 2015 bonds). Proceeds from the Montgomery Series 2015 bonds were used to refund prior bond issues and pay certain costs incurred in connection with the issuance of the Montgomery Series 2015 Bonds. The Montgomery Series 2015 bonds are collateralized by substantially all property and equipment of Montgomery and a pledge of gross receipts. The Montgomery Series 2015 bonds have a mandatory remarketing date of December 1, 2027.

On June 15, 2015, the NJEDA issued on behalf of Atrium, $26,000,000 Variable Rate Revenue Bonds (the Atrium Series 2015 bonds), which consisted of $19,929,000 Series 2015A tax-exempt, $4,551,000 Series 2015B tax-exempt and $1,520,000 Series 2015C taxable. Proceeds from the Series 2015 bonds were used to pay off a construction line; pay off a portion of a note payable to Springpoint Senior Living; and pay certain costs incurred in connection with the issuance of the Atrium Series 2015 Bonds. The Atrium Series 2015 bonds are collateralized by substantially all property and equipment, a pledge of gross receipts and all net entrance fees.

On June 19, 2019, Atrium entered into an agreement with a bank for a loan in the amount of $10,000,000 (Bank Loan). Proceeds from the Bank Loan were used to pay down a portion of a note payable to SSL.

On June 5, 2015, the NJEDA issued on behalf of Village Point, $27,700,000 Series 2015 tax-exempt bonds. Proceeds from the Series 2015 tax-exempt bonds were used to provide financing to build a new skilled nursing facility. The Village Point Series 2015 tax-exempt bonds are collateralized by substantially all property and equipment and a pledge of gross receipts.

On March 13, 2015, Springpoint at Home entered into a loan agreement with a bank for a loan in the amount of $2,175,000 (Bank Loan). Proceeds from the Bank Loan were used to finance the acquisition of business assets.

On May 5, 2016, the NJEDA issued on behalf of The Oaks, $18,500,000 Series 2016 tax-exempt bonds. Proceeds from the Series 2016 tax-exempt bonds were used to (a) finance a portion of the purchase of The Oaks facility; (b) to fund a debt service reserve fund; and (c) to pay certain costs incurred in connection with the issuance of the Series 2016 tax-exempt bonds. The Series 2016 tax-exempt bonds are collateralized by substantially all property and equipment of The Oaks and a pledge of gross receipts. The Series 2016 tax-exempt bonds have a mandatory remarketing date of July 1, 2026.

On May 5, 2016, The Oaks entered into an agreement with a bank for a loan in the amount of $18,500,000 (Term Loan). Proceeds from the Term Loan were used to (a) finance a portion of the purchase of The Oaks facility; and (b) fund working capital. The Term Loan is collateralized by substantially all property and equipment of The Oaks and a pledge of gross receipts.

On October 27, 2016, Sussex County, Delaware issued on behalf of The Moorings, $17,620,000 of first mortgage revenue bonds, consisting of $1,120,000 in fixed rate serial bonds and $16,500,000 in fixed rate term bonds. The proceeds were used to (a) refund a prior issue; (b) to establish a reserve for capital projects; and (c) to pay certain costs incurred in connection with the issuance of the Series 2016 Revenue Bonds. The Series 2016 Revenue Bonds are collateralized by substantially all property and equipment of The Moorings and a pledge of gross receipts.

In July 2017, The Oaks entered into an agreement with a bank for a loan in the amount of $1,800,000 (Oaks Bank Loan). Proceeds from The Oaks Bank Loan were used to purchase a parking lot across from The Oaks facility.

The above bonds are subject to various covenants, which include the achievement of certain pre-established financial indicators. At December 31, 2019 and December 31, 2018, Winchester Gardens did not meet certain restrictive debt covenants required under the Series 2014 Bonds. Winchester Gardens received a waiver from the bank, who is the bond creditor, on certain events of default related to financial statements and other information, as defined in the bond agreements.

Deferred financing costs represent costs incurred to obtain financing. Amortization of these costs is provided on the straight-line method, which approximates the effective interest method. At December 31, 2019 and 2018, deferred financing costs, net of accumulated amortization, were $3,242,472 and $3,385,514, respectively. Accumulated amortization at December 31, 2019 and 2018 is $1,346,779 and $1,147,301, respectively. In 2019, a portion of deferred financing costs that were fully amortized were written off, reducing accumulated amortization by $14,725.

Scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2020	$ 9,179,150
2021	8,584,133
2022	8,865,491
2023	9,265,435
2024	9,890,338
Thereafter	265,751,034
Total	$ 311,535,581

10. Derivative Financial Instruments

In connection with certain bonds, the 2015 Obligated Group, Atrium, Montgomery, Winchester Gardens and Village Point have entered into interest rate swap agreements with a financial institution which are considered derivative financial instruments. The objective of these swap agreements was to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreement is a contract to exchange variable rate for fixed rate payments over the term of the swap agreement without the exchange of the underlying notional amount. The notional amount of the swap agreement is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreement. Management believes that losses related to credit risk are remote and that the swaps are continuing to function as intended.

The net cash paid or received under the swap agreement is recognized as an adjustment to interest expense. The 2015 Obligated Group, Atrium, Montgomery, Winchester Gardens and Village Point do not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

The 2015 Obligated Group, Atrium, Montgomery, Winchester Gardens and Village Point measure its derivative financial instruments at fair value based on proprietary models of the maker of the instruments based upon estimated future cash flows and forecasted interest rate yields. This value represents the estimated amount they would receive or pay upon termination of the agreements, taking into consideration current interest rates. Derivative financial instruments are considered level two investments within the fair value hierarchy.

Changes in fair value of the interest rate swap agreements are recorded as a change in fair value of derivative financial instruments. The change in fair value on derivative financial instruments was $(8,641,941) in 2019 and $2,860,422 in 2018.

As of December 31, 2019, the 2015 Obligated Group had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$21,448,000	2.4675%	65% of 1 month LIBOR plus 98.5 basis points (2.08% at December 31, 2019)	December 2015 to December 2025
$41,284,000	3.515%	1 month LIBOR plus 150 basis points (3.21% at December 31, 2019)	December 2015 to December 2025

The fair value of the interest rate swap agreements was $(1,299,243) at December 31, 2019 and $1,270,791 at December 31, 2018 and was obtained from the financial institution.

As of December 31, 2019, Atrium had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$19,273,000	3.04%	Sum of USD-LIBOR plus 200 basis points x 65% (2.41% at December 31, 2019)	December 2015 to December 2030
$9,907,500	3.63%	Sum of USD-LIBOR plus 145 basis points (3.16% at December 31, 2019)	December 2015 to December 2030

The fair value of the interest rate swap agreements was $(1,320,163) at December 31, 2019 and $(94,087) at December 31, 2018 and was obtained from the financial institution.

As of December 31, 2019, Montgomery had the following interest rate swap in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$48,356,000	2.464%	USD-LIBOR x 67% plus 100.5 basis points (2.15% at December 31, 2019)	December 2015 to December 2027

The fair value of the interest rate swap agreements was $(1,101,720) at December 31, 2019 and $830,704 at December 31, 2018 and was obtained from the financial institution.

As of December 31, 2019, Winchester Gardens had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$27,205,000	3.04%	USD-LIBOR x 69% plus 100 basis points (2.18% at December 31, 2019)	December 2014 to November 2029
$5,000,000	3.58%	USD-LIBOR plus 140 basis points (3.11% at December 31, 2019)	December 2016 to September 2026
$5,000,000	3.49%	USD-LIBOR plus 140 basis points (3.11% at December 31, 2019)	July 2017 to September 2026
$5,000,000	3.67%	USD-LIBOR plus 140 basis points (3.11% at December 31, 2019)	November 2017 to September 2026
$5,000,000	4.07%	USD-LIBOR plus 140 basis points (3.11% at December 31, 2019)	February 2018 to September 2026

The fair value of the interest rate swap agreements was $(2,648,563) at December 31, 2019 and $(412,726) at December 31, 2018 and was obtained from the financial institution.

As of December 31, 2019, Village Point had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$9,727,072	3.29%	USD-LIBOR x 75% plus 178 basis points (3.06% at December 31, 2019)	October 2016 to June 2025
$4,863,536	3.73%	USD-LIBOR x 75% plus 178 basis points (3.06% at December 31, 2019)	December 2016 to June 2025
$4,863,536	3.70%	USD-LIBOR x 75% plus 178 basis points (3.06% at December 31, 2019)	June 2017 to June 2025
$7,489,856	3.72%	USD-LIBOR x 75% plus 178 basis points (3.06% at December 31, 2019)	October 2017 to June 2025

The fair value of the interest rate swap agreements was $(295,055) at December 31, 2019 and $382,515 at December 31, 2018 and was obtained from the financial institution.

11. Construction Lines of Credit

On December 1, 2015, Montgomery entered into a $5,699,000 construction line of credit (Montgomery Construction Line) with a commercial bank that matures December 2020. The interest rate at December 31, 2019 was 3.19 percent. The line was issued to provide financing for renovations to the fitness center, healthcare center and common areas, as well as pay off the balance of the previous construction line of credit. The balance on the Montgomery Construction Line at December 31, 2019 and 2018 was $1,642,000 and $3,326,000, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts. The outstanding Montgomery Construction Line is due in 2020.

On November 1, 2014, Winchester Gardens entered into a $12,215,000 construction line of credit (Winchester Construction Line) with a commercial bank. On October 1, 2016, the Winchester Construction Line was modified to increase the available draw to $28,000,000. The loan matures in October 2026. The interest rate at December 31, 2019 was 3.75 percent. The line was issued to provide financing for renovations to the healthcare center and common areas, as well as pay certain costs related to the financing and establish a liquid reserve fund (Note 15). Borrowings on the Winchester Construction Line were $25,014,168 and $24,578,100 at December 31, 2019 and 2018, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts.

Scheduled maturities for the Winchester Construction Line of credit based on the expected draw down are as follows:

Years ending December 31:	
2020	$ 1,404,000
2021	1,404,000
2022	1,404,000
2023	1,404,000
2024	1,270,000
Thereafter	19,710,000
Total	$ 26,596,000

12. Net Assets With Donor Restrictions

Net assets with donor restrictions of $10,850,953 and $12,406,082 at December 31, 2019 and 2018, respectively, are donor restricted amounts for the benefit of residents and operations of SSL affiliates.

Net assets with donor restrictions are held for the following purposes:

	2019	2018
Split-interest agreements	$ 2,452,648	$ 2,074,090
Restricted for the benefit of residents and community needs	8,398,305	10,331,992
Total	$ 10,850,953	$ 12,406,082

13. Capital Advances

The Company has entered into capital advance agreements with HUD, whereby HUD will advance the Company an amount not to exceed $81,686,800 for development of various projects. The capital advances are due to the Federal Housing Administration and are collateralized by a deed of trust on the rental property of such projects. The capital advances bear no interest and will not be required to be repaid so long as the housing remains available to eligible very low-income elderly persons or very low-income persons with disabilities for a period of 40 years in accordance with Section 202 of the National Housing Act of 1959. The maturity dates of the agreements range from September 13, 2035 to December 25, 2050.

As of December 31, 2019 and 2018, the capital advances received totaled $80,035,527, which have been reported as a noncurrent liability in the consolidated balance sheets.

14. Retirement Plans

SSL and its affiliates sponsor a defined contribution 401(k) plan (the Plan). Effective as of March 1, 2019 employees are eligible to make employee deferrals and participate in the Plan as of the first day of the month after hire. Employees will be eligible to receive matching contributions as of the first day of the month after completion of 12 consecutive months of service at which 1,000 hours of service are worked. Upon meeting the requirement, the Plan provides for SSL and affiliates to match 100 percent of the employee contribution not to exceed 5 percent. Employees are vested in employee and employer contributions immediately upon participation.

In 2005, SSL initiated a Supplemental Executive Retirement Plan (SERP). During 2019 and 2018, the SERP funding was approximately $369,000 and $316,000, respectively, and carried a balance of approximately $2,120,000 and $1,583,000 at December 31, 2019 and 2018, respectively.

Pension expense under the Plan and the SERP was approximately $2,364,000 and $2,227,000 for the years ended December 31, 2019 and 2018, respectively.

Additionally, Meadow Lakes has a defined benefit pension plan covering substantially all of its union employees (the Union Plan). Benefits under the Union Plan are based on a collective bargaining agreement. Meadow Lakes' funding policy is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and any additional amounts as determined by the actuary. Effective December 31, 2000, the Board of Trustees and the union, UFCW Local 152 (formerly Local 56), agreed to freeze the benefit accruals under the Union Plan. The UFCW Local 56 employees became eligible to participate in the Union Plan effective January 1, 2001.

The following table is a reconciliation of the beginning and ending balances of the Company's Union Plan projected benefit obligation and fair value of plan assets at December 31, 2019 and 2018:

	2019	2018
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 776,494	$ 886,392
Interest cost	29,171	29,159
Actuarial gain (loss)	102,352	(68,192)
Benefits paid	(27,026)	(7,716)
Effect of settlement	-	(63,149)
Projected benefit obligation at end of year	880,991	776,494
Change in plan assets:		
Fair value of plan assets at beginning of year	459,718	577,936
Actual (loss) return on plan assets	49,155	(78,873)
Employer contribution	96,464	31,520
Benefits paid	(27,026)	(7,716)
Effect of settlement	-	(63,149)
Fair value of plan assets at end of year	578,311	459,718
Funded status at end of year	$ (302,680)	$ (316,776)

Amounts recognized in the consolidated balance sheets at December 31:

	2019	2018
Accrued expenses	$ (302,680)	$ (316,776)

Amounts recognized in net deficit without restrictions at December 31:

	2019	2018
Unrecognized net loss	$ 273,236	$ 258,940

A net actuarial loss of $273,236 represents the unrecognized component of net periodic pension cost at December 31, 2019.

An actuarial loss of $33,179 is expected to be recognized in net periodic pension cost in the next fiscal year.

The accumulated benefit obligation at December 31, 2019 and 2018 is $880,991 and $776,494, respectively.

The measurement date used to determine the fair value of the pension plan assets and projected benefit obligation was December 31.

The components of net periodic pension expense for 2019 and 2018 are as follows:

	2019	2018
Interest cost	$ 29,171	$ 29,159
Expected loss (return) on plan assets	9,566	6,579
Amortization of net loss	29,355	31,419
Effect of settlement	-	21,056
Total	$ 68,092	$ 88,213

Weighted-average assumptions used to determine the benefit obligation at December 31, 2019 and 2018 are as follows:

	2019	2018
Discount rate	3.15 %	4.10 %
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost at December 31, 2019 and 2018 are as follows:

	2019	2018
Discount rate	4.10 %	3.55 %
Expected long-term rate of return on plan assets	6.50	5.75

The expected long-term rate of return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions for the corresponding fiscal year-end.

The following tables summarize instruments measured at fair value on a recurring basis for the Union Plan at December 31, 2019 and 2018:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity mutual funds:				
Large cap	$ 195,877	$ -	$ -	$ 195,877
Mid cap	17,160	-	-	17,160
Small cap	6,726	-	-	6,726
International	119,823	-	-	119,823
Fixed income mutual funds	203,417	-	-	203,417
Other	35,308	-	-	35,308
Total	$ 578,311	$ -	$ -	$ 578,311

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equity mutual funds:				
Large cap	$ 144,177	$ -	$ -	$ 144,177
Mid cap	12,318	-	-	12,318
Small cap	4,676	-	-	4,676
International	85,886	-	-	85,886
Fixed income mutual funds	212,661	-	-	212,661
Total	$ 459,718	$ -	$ -	$ 459,718

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019:

Mutual funds are valued at fair value based on quoted market prices which are considered Level 1 inputs.

The preceding methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Union Plan believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending December 31:	
2020	$ 180,000
2021	42,000
2022	47,000
2023	96,000
2024	73,000
Thereafter	230,000
Total	$ 668,000

The Company anticipates making a contribution of $105,537 the Union Plan during 2020.

15. Commitments and Contingencies

SSL, Springpoint at Home and Springpoint Choice lease office space and equipment through noncancelable operating leases. The total rental expense under these leases was $595,945 and $596,217 for the years ended December 31, 2019 and 2018, respectively. The future minimum rental commitment under these noncancelable leases is as follows:

2020	$ 660,087
2021	574,538
2022	303,028
2023	6,736
Total	$ 1,544,389

Meadow Lakes, Monroe, Crestwood, Montgomery, Atrium, Winchester Gardens and The Oaks are regulated by the New Jersey Department of Community Affairs (DCA) pursuant to the Continuing Care Retirement Community Regulation and Financial Disclosures Act (the Act). The Act requires, among other things, that these affiliates establish and maintain a liquid reserve fund which is calculated as the greater of the following year's debt service or 15 percent of the projected operating expenses, excluding depreciation and amortization and expenses related to private pay residents. Funds held under bond indenture agreements can be used to satisfy the requirement. The entities have complied with the bond reserve requirements at December 31, 2019 and 2018.

Commitments under agreements for various construction projects totaled approximately $1,209,286 at December 31, 2019 and $6,932,773 at December 31, 2018.

SSL and the Foundation are Guarantors of Robert Noble Manor, LP (RNM) as required under the limited partnership agreement. RNM's primary purpose is to operate an affordable senior housing community in New Jersey. As Guarantors, they guarantee compliance of the General Partner (Robert Noble Manor, LLC) and South Amboy Renaissance Corporation, with respect to achievement of Stabilized Operations, repurchase, recapture, tax credit adjusters, operating deficits, resizing of any of the permanent financing and certain representations and warranties. The Limited Partner determines if the Debt Service Coverage ratio test has been met causing the guarantee to expire. If RNM does not meet the ratio defined in the partnership agreement for Achievement of Debt Service Coverage for the final twelve consecutive months of the guarantee period, the guarantee shall be automatically extended until Achievement of Debt Service Coverage ratio has been achieved for twelve consecutive months. Management believes the risk of performance under this guarantee is low.

The Limited Partnerships have qualified for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the housing facilities as to occupant eligibility and unit gross rent, among other requirements.

The Limited Partnerships' low-income tax housing credits are contingent on their ability to maintain compliance with applicable provisions of Section 42. Failure to maintain compliance with occupant eligibility or unit gross rent requirements, or to correct noncompliance within a specified time period, could result in recapture of previously claimed tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the capital contributed by the limited partners. In addition, in the Company's role as managing agent and general partner through its wholly owned subsidiaries, the Company is responsible for compliance with all covenants contained in the various partnership and other agreements for the Limited Partnerships. Failure to comply with these covenants, as well as applicable laws and regulations, could have a significant financial impact on the financial position of the Company.

SSL actively engages in evaluating new business opportunities as they present themselves. As such, SSL from time to time may enter into contractual arrangements for the development or acquisition of new communities. These new business opportunities may require the guarantee of SSL, or one or more of its affiliates.

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity has continued to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

Medicaid Reimbursement

Nursing services provided to Medicaid program beneficiaries are paid at prospectively determined rates per day. The rates are determined using state-wide nursing facility cost information and the Company's cost information from a prior year. The reimbursement methodology is subject to various limitations and adjustments.

The State of New Jersey provides funding to managed care organizations (MCOs) to coordinate all healthcare services, including long-term care services, for Medicaid beneficiaries. In turn, the MCOs will reimburse nursing facilities for services rendered to Medicaid beneficiaries admitted to nursing facilities. The reimbursement received by the nursing facilities is negotiated between the MCOs and the nursing facilities.

Workers Compensation, Unemployment and Health Insurance

The Company participates in self-insured workers compensation, unemployment and health insurance programs. The Company estimates self-insurance reserves based upon fully developed case reserves that are actuarially determined. These estimates are based on historical loss experience along with certain assumptions about future events. Changes in assumptions for such things as medical costs, as well as changes in actual loss experience could cause these estimates to change in the near term. The Company recognized expense of approximately $14,844,000 and $13,004,000 for the years ending December 31, 2019 and 2018, respectively. These amounts are included in the various departmental expense categories in the accompanying consolidated financial statements.

16. Concentrations

The Company grants credit without collateral to its residents, most of whom are local residents and some of whom are insured under third-party payor agreements. Concentrations of gross accounts receivable from residents and third-party payors are as follows:

	2019	2018
Medicare	31 %	25 %
Medicaid	7	7
Self-pay residents and other	62	68
Total	100 %	100 %

Meadow Lakes has entered into a collective bargaining agreement with the United Food and Commercial Workers Union, Local 152 (formerly Local 56) (the Agreement). The Agreement covers approximately 85 percent of Meadow Lakes' labor force and expires May 8, 2022.

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

17. Rental Assistance Contracts

The Company has entered into various rental assistance contracts with HUD whereby the Company will receive rental assistance payments on behalf of eligible tenants. Such amounts are included in revenue from residential facilities in the consolidated statements of operations and changes in net assets (deficit). The initial term of the contracts is 20 years from completion of the housing project.

18. Liquidity and Availability of Resources

The Company has financial assets available for general expenditure within one year of the balance sheet date, consisting of the following as of December 31:

	2019	2018
Cash and cash equivalents	$ 36,871,755	$ $33,747,578
Accounts receivable, net	15,389,778	13,132,251
Investments	107,768,574	97,078,621
Total	$ 160,030,107	$ 143,958,450

The Company has cash and investments which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the information above. Cash in excess of current requirements are held in various investments in accordance with the Company's investment policy. The Company has other assets whose use is limited for residents deposits, assets reserved for future gift annuity payments, donor-restricted purposes and other limited uses.

The Company has also designated a portion of its assets whose use is limited "reserved" to comply with state liquid reserve requirements. Although the Company does not intend to utilize the state required liquid reserves for general expenditures as part of its annual budget and approval process, amounts designated for state required liquid reserves could be made available as necessary. State required liquid reserves do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

19. Functional Expenses

The Company provides housing, health care and other related services to residents within its geographic locations. The consolidated financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest and other occupancy costs, are allocated to a function based on a square footage basis. Expenses related to providing these services, including depreciation and amortization and loss on disposal of fixed assets, are as follows as of December 31:

	2019			
	Program Services	Management and General	Fundraising	Total
Salary and wages	$ 68,346,509	$ 15,505,978	$ -	$ 83,852,487
Employee taxes and benefits	19,390,962	3,711,987	-	23,102,949
Food products	7,571,368	-	-	7,571,368
Supplies and maintenance	11,119,122	887,520	-	12,006,642
Contracted services	11,820,920	123,609	-	11,944,529
Utilities	9,525,107	-	-	9,525,107
Property taxes	9,321,700	-	-	9,321,700
Other	13,539,878	7,931,938	283,347	21,755,163
Depreciation and amortization	36,909,649	-	-	36,909,649
Interest expense	11,517,516	-	-	11,517,516
Provision for doubtful accounts	87,761	532,333	-	620,094
Total	$ 199,150,492	$ 28,693,365	$ 283,347	$ 228,127,204

	2018			
	Program Services	Management and General	Fundraising	Total
Salary and wages	$ 65,671,989	$ 13,561,134	$ 705,618	$ 79,938,741
Employee taxes and benefits	17,114,908	3,273,778	104,921	20,493,607
Food products	7,411,298	-	-	7,411,298
Supplies and maintenance	10,949,917	1,023,665	4,122	11,977,704
Contracted services	12,937,216	214,470	-	13,151,686
Utilities	9,847,374	-	-	9,847,374
Property taxes	8,973,398	-	-	8,973,398
Other	11,619,109	6,629,660	235,236	18,484,005
Depreciation and amortization	34,870,463	-	-	34,870,463
Interest expense	10,466,066	-	-	10,466,066
Goodwill impairment loss	14,980,000	-	-	14,980,000
Provision for doubtful accounts	-	854,966	-	854,966
Total	$ 204,841,738	$ 25,557,673	$ 1,049,897	$ 231,449,308

20. Subsequent Events

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

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

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets and having significant impact on supply chains, businesses and communities. The Company's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were available to be issued. COVID-19 may impact various parts of the Company's 2020 operations and financial performance including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption, sales of residential living units, or declines in revenue related to decreases in occupancy or volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Balance Sheet
December 31, 2019

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Assets							
Current Assets							
Cash and cash equivalents	$ 33,120,830	$ 678,394	$ 1,549,720	$ 1,522,811	$ 36,871,755	$ -	$ 36,871,755
Current portion of assets whose use is limited	702,196	-	-	182,666	884,862	-	884,862
Accounts receivable, net	12,360,979	3,530	105,812	2,919,457	15,389,778	-	15,389,778
Due from affiliates	-	-	-	11,026,937	11,026,937	(11,026,937)	-
Other current assets	3,245,719	52,240	736,440	2,327,892	6,362,291	(154,988)	6,207,303
Total current assets	49,429,724	734,164	2,391,972	17,979,763	70,535,623	(11,181,925)	59,353,698
Investments	67,285,619	-	-	44,662,162	111,947,781	(4,179,207)	107,768,574
Assets Whose Use is Limited	27,519,777	6,221,543	9,753,083	7,035,134	50,529,537	-	50,529,537
Investments Held under Split-Interest Agreements	-	-	-	4,186,979	4,186,979	-	4,186,979
Investments Held by Others Under Split-Interest Agreements	-	-	-	1,162,585	1,162,585	-	1,162,585
Beneficial Interest in Perpetual Trusts	-	-	-	4,107,353	4,107,353	(689,572)	3,417,781
Due From Other Affiliates	-	-	-	10,565,198	10,565,198	(10,565,198)	-
Notes Receivable	-	-	-	34,988,423	34,988,423	(34,988,423)	-
Loans Receivable From Affiliate	-	-	-	18,314,818	18,314,818	(18,314,818)	-
Property and Equipment, Net	400,207,270	53,738,258	94,790,089	27,212,102	575,947,719	(11,000,033)	564,947,686
Goodwill, Net	72,794,046	-	-	5,539,448	78,333,494	-	78,333,494
Other Assets, Net	762,132	-	255,732	7,768,912	8,786,776	(7,100,949)	1,685,827
Total assets	$ 617,998,568	$ 60,693,965	$ 107,190,876	$ 183,522,877	$ 969,406,286	$ (98,020,125)	$ 871,386,161

Springpoint Senior Living, Inc. and Affiliates
Consolidating Schedule, Balance Sheet
December 31, 2019

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Liabilities and Net Assets (Deficit)							
Current Liabilities							
Current maturities of long-term debt and capital lease obligations	$ 6,039,680	$ -	$ 1,180,244	$ 1,959,226	$ 9,179,150	$ -	$ 9,179,150
Current portion of construction lines of credit	3,046,000	-	-	-	3,046,000	-	3,046,000
Construction payable	1,399,739	-	-	-	1,399,739	-	1,399,739
Accounts payable	3,452,042	480,128	347,755	838,942	5,118,867	-	5,118,867
Accrued expenses	6,924,205	193,336	787,957	11,083,030	18,988,528	(316,070)	18,672,458
Due to affiliates	5,749,093	76,582	1,720,850	6,109,935	13,656,460	(13,656,460)	-
Residents' deposits	2,289,528	277,864	515,294	-	3,082,686	-	3,082,686
Total current liabilities	28,900,287	1,027,910	4,552,100	19,991,133	54,471,430	(13,972,530)	40,498,900
Long-Term Debt and Capital Lease Obligations	208,247,843	3,136,140	54,180,540	34,953,441	300,517,964	-	300,517,964
Notes Payable to Affiliate	17,710,000	-	34,988,422	604,818	53,303,240	(53,303,240)	-
Capital Advances	-	80,035,527	-	-	80,035,527	-	80,035,527
Due to Affiliates	6,561,531	-	-	1,434,928	7,996,459	(7,996,459)	-
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	-	-	2,890,001	2,890,001	-	2,890,001
Deferred Revenue	88,961	-	-	20,398,171	20,487,132	(20,487,132)	-
Refundable Entrance Fees	336,458,849	-	-	490,551	336,949,400	-	336,949,400
Deferred Revenue From Entrance Fees	95,621,006	-	-	5,936,309	101,557,315	-	101,557,315
Construction Line of Credit, Net of Current Portion	23,610,168	-	-	-	23,610,168	-	23,610,168
Derivative Financial Instruments	6,181,038	-	-	483,706	6,664,744	-	6,664,744
Other Liabilities	2,530,302	-	3,367,242	4,658,716	10,556,260	(6,351,579)	4,204,681
Total liabilities	725,909,985	84,199,577	97,088,304	91,841,774	999,039,640	(102,110,940)	896,928,700
Net Assets (Deficit)							
Net assets (deficit) without donor restrictions	(115,634,790)	(23,505,612)	1,257,339	87,863,951	(50,019,112)	4,780,387	(45,238,725)
Noncontrolling ownership interest in limited partnerships	-	-	8,845,233	-	8,845,233	-	8,845,233
Net assets with donor restrictions	518,373	-	-	11,022,152	11,540,525	(689,572)	10,850,953
Member's equity	7,205,000	-	-	(7,205,000)	-	-	-
Total net assets (deficit)	(107,911,417)	(23,505,612)	10,102,572	91,681,103	(29,633,354)	4,090,815	(25,542,539)
Total liabilities and net assets (deficit)	$ 617,998,568	$ 60,693,965	$ 107,190,876	$ 183,522,877	$ 969,406,286	$ (98,020,125)	$ 871,386,161

Springpoint Senior Living, Inc. and Affiliates

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

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Changes in Net Assets (Deficit) Without Donor Restrictions							
Revenues and other support:							
Revenue from residential facilities	$ 73,188,280	$ 7,801,063	$ 12,309,217	$ -	$ 93,298,560	$ -	$ 93,298,560
Revenue from healthcare facilities	63,354,008	-	-	10,808,708	74,162,716	-	74,162,716
Services to residents	7,104,459	-	-	6,740,926	13,845,385	-	13,845,385
Developer and management fees	-	-	-	11,986,923	11,986,923	(11,986,923)	-
Contributions and bequests	357,418	-	-	1,075,033	1,432,451	(786,295)	646,156
Interest and dividends	1,892,869	3,040	96,443	704,068	2,696,420	(21,875)	2,674,545
Other revenue	887,358	46,238	744,770	1,021,471	2,699,837	(701,935)	1,997,902
Net assets released from restrictions used for operations	840,966	-	-	3,835,260	4,676,226	(118,236)	4,557,990
Total revenues and other support	147,625,358	7,850,341	13,150,430	36,172,389	204,798,518	(13,615,264)	191,183,254
Expenses:							
Professional care of residents	44,200,372	-	-	13,388,581	57,588,953	-	57,588,953
Resident services	5,476,093	-	-	-	5,476,093	-	5,476,093
Dining services	22,933,226	-	-	1,189,084	24,122,310	(203,748)	23,918,562
Operation and maintenance of facility	28,322,698	3,556,984	5,091,452	804,140	37,775,274	-	37,775,274
Housekeeping and laundry	7,028,548	-	-	263,267	7,291,815	-	7,291,815
Administrative and general	14,742,942	2,583,701	2,750,055	14,917,042	34,993,740	(426,841)	34,566,899
Resident assistance and program services	-	-	-	1,649,696	1,649,696	(904,531)	745,165
Marketing	6,410,333	-	-	1,722,641	8,132,974	-	8,132,974
Insurance	2,212,345	358,793	591,977	254,476	3,417,591	-	3,417,591
Springpoint Senior Living, Inc. management fee	9,460,954	517,771	699,491	1,442,066	12,120,282	(12,120,282)	-
Interest	8,248,106	-	2,786,399	1,391,484	12,425,989	(908,473)	11,517,516
Provision for bad debts	519,178	-	-	100,916	620,094	-	620,094
Total expenses	149,554,795	7,017,249	11,919,374	37,123,393	205,614,811	(14,563,875)	191,050,936
Operating income (loss)	(1,929,437)	833,092	1,231,056	(951,004)	(816,293)	948,611	132,318
Unrealized gain on investments	5,156,604	-	-	1,781,776	6,938,380	-	6,938,380
Net realized gains on investments	4,464,895	-	-	3,216,899	7,681,794	-	7,681,794
Amortization of entrance fees	17,822,840	-	-	644,003	18,466,843	-	18,466,843
Change in fair value of derivative financial instruments	(7,613,801)	-	-	(1,028,140)	(8,641,941)	-	(8,641,941)
Loss on disposal of fixed assets	(106,649)	(13,615)	(44,614)	(1,741)	(166,619)	-	(166,619)
Net asset transfer	-	-	-	165,072	165,072	-	165,072
Net asset transfer from affiliate	-	-	47,343	47,343	94,686	(94,686)	-
Depreciation and amortization	(29,841,018)	(2,408,328)	(3,539,039)	(1,552,832)	(37,341,217)	431,568	(36,909,649)
Revenues and other support in excess of (less than) expenses	(12,046,566)	(1,588,851)	(2,305,254)	2,321,376	(13,619,295)	1,285,493	(12,333,802)
Pension liability adjustment	(68,072)	-	-	-	(68,072)	-	(68,072)
Change in net assets (deficit) without donor restrictions	$ (12,114,638)	$ (1,588,851)	$ (2,305,254)	$ 2,321,376	$ (13,687,367)	$ 1,285,493	$ (12,401,874)

Springpoint Senior Living, Inc. and Affiliates

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

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Changes in Net Assets With Donor Restrictions							
Contributions	$ 867,214	$ -	$ -	$ 789,927	$ 1,657,141	$ (118,236)	$ 1,538,905
Change in value of split-interest agreements	-	-	-	95,489	95,489	-	95,489
Investment income	41,510	-	-	927,543	969,053	-	969,053
Net unrealized loss on investments	(5,431)	-	-	-	(5,431)	-	(5,431)
Change in value of perpetual trusts	-	-	-	479,823	479,823	(74,978)	404,845
Net assets released from restrictions for operations	(840,966)	-	-	(3,835,260)	(4,676,226)	118,236	(4,557,990)
(Decrease) increase in net assets with donor restrictions	62,327	-	-	(1,542,478)	(1,480,151)	(74,978)	(1,555,129)
Change in net assets (deficit)	(12,052,311)	(1,588,851)	(2,305,254)	778,898	(15,167,518)	1,210,515	(13,957,003)
Net Assets (Deficit), Beginning	(95,859,106)	(21,916,761)	12,407,826	90,902,205	(14,465,836)	2,880,300	(11,585,536)
Net Assets (Deficit), Ending	$ (107,911,417)	$ (23,505,612)	$ 10,102,572	$ 91,681,103	$ (29,633,354)	$ 4,090,815	$ (25,542,539)

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Balance Sheet
December 31, 2019

	Atrium	Crestwood	Meadow Lakes	Monroe	The Moorings	The Oaks	Montgomery	Winchester Gardens	Combined Total
Assets									
Current Assets									
Cash and cash equivalents	$ 3,564,416	$ 2,192,909	$ 387,382	$ 6,059,446	$ 2,715,747	$ 2,722,347	$ 10,851,146	$ 4,627,437	$ 33,120,830
Current portion of assets whose use is limited	22,688	61,804	204,645	1,000	-	10,922	125,077	276,060	702,196
Accounts receivable, net	615,682	2,259,598	721,882	721,631	3,286,763	2,246,148	1,244,356	1,264,919	12,360,979
Other current assets	314,032	361,386	501,757	276,832	397,345	546,344	322,978	525,045	3,245,719
Total current assets	4,516,818	4,875,697	1,815,666	7,058,909	6,399,855	5,525,761	12,543,557	6,693,461	49,429,724
Investments	8,609,336	10,471,433	-	2,294,012	4,492,507	3,663,903	24,799,245	12,955,183	67,285,619
Assets Whose Use is Limited	1,989,397	2,788,178	3,827,955	3,167,300	3,588,031	3,890,130	4,364,733	3,904,053	27,519,777
Property and Equipment, Net	56,688,801	28,950,655	47,971,572	28,341,248	35,018,380	76,227,465	64,297,879	62,711,270	400,207,270
Goodwill, Net	-	-	-	675,588	19,297,865	29,121,740	-	23,698,853	72,794,046
Other Assets, Net	-	-	-	-	315,190	241,354	-	205,588	762,132
Total assets	$ 71,804,352	$ 47,085,963	$ 53,615,193	$ 41,537,057	$ 69,111,828	$ 118,670,353	$ 106,005,414	$ 110,168,408	$ 617,998,568

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Balance Sheet
December 31, 2019

	Atrium	Crestwood	Meadow Lakes	Monroe	The Moorings	The Oaks	Montgomery	Winchester Gardens	Combined Total
Liabilities and Net Assets (Deficit)									
Current Liabilities									
Current maturities of long-term debt and capital lease obligations	$ 2,204,718	$ 889,037	$ 807,929	$ 320,387	$ 600,303	$ 1,053,601	$ 160,553	$ 3,152	$ 6,039,680
Current portion of construction lines of credit	-	-	-	-	-	-	1,642,000	1,404,000	3,046,000
Construction payable	-	101,523	427,484	319,732	-	196,435	84,987	269,578	1,399,739
Accounts payable	249,660	273,296	488,893	303,271	448,724	667,165	396,793	624,240	3,452,042
Accrued expenses	437,588	600,638	2,167,036	421,861	893,984	1,002,264	759,500	641,334	6,924,205
Due to affiliates	169,390	81,342	60,283	66,156	178,260	1,131,926	(73,364)	4,135,100	5,749,093
Residents' deposits	93,763	123,210	411,362	185,714	264,110	193,262	484,443	533,664	2,289,528
Total current liabilities	3,155,119	2,069,046	4,362,987	1,617,121	2,385,381	4,244,653	3,454,912	7,611,068	28,900,287
Long-Term Debt and Capital Lease Obligations	28,240,684	25,350,121	17,870,028	8,412,091	16,815,428	36,755,050	47,975,337	26,829,104	208,247,843
Notes Payable to Affiliate	14,710,000	-	-	-	-	3,000,000	-	-	17,710,000
Due to Affiliates	5,288,925	-	-	-	-	-	-	1,272,606	6,561,531
Refundable Entrance Fees	34,884,612	6,017,315	33,976,202	31,712,158	45,002,144	54,692,487	60,595,202	69,578,729	336,458,849
Deferred Revenue From Entrance Fees	12,770,182	6,651,269	17,670,655	10,437,645	7,771,792	13,658,258	16,118,151	10,543,054	95,621,006
Construction Lines of Credit, Net of Current Portion	-	-	-	-	-	-	-	23,610,168	23,610,168
Derivative Instruments	1,320,163	532,573	399,668	178,351	-	-	1,101,720	2,648,563	6,181,038
Deferred Revenue	-	-	-	33,333	-	36,970	-	18,658	88,961
Other Liabilities	2,381,716	-	148,586	-	-	-	-	-	2,530,302
Total liabilities	102,751,401	40,620,324	74,428,126	52,390,699	71,974,745	112,387,418	129,245,322	142,111,950	725,909,985
Net Assets (Deficit)									
Net assets (deficit) without donor restrictions	(30,979,182)	6,406,037	(20,873,230)	(11,175,411)	(2,864,661)	(936,166)	(23,261,670)	(31,950,507)	(115,634,790)
Net assets with donor restrictions	32,133	59,602	60,297	321,769	1,744	14,101	21,762	6,965	518,373
Member's equity	-	-	-	-	-	7,205,000	-	-	7,205,000
Total net assets (deficit)	(30,947,049)	6,465,639	(20,812,933)	(10,853,642)	(2,862,917)	6,282,935	(23,239,908)	(31,943,542)	(107,911,417)
Total liabilities and net assets (deficit)	$ 71,804,352	$ 47,085,963	$ 53,615,193	$ 41,537,057	$ 69,111,828	$ 118,670,353	$ 106,005,414	$ 110,168,408	$ 617,998,568

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2019

	Atrium	Crestwood	Meadow Lakes	Monroe	The Moorings	The Oaks	Montgomery	Winchester Gardens	Combined Total
Changes in Net Assets (Deficit) Without Donor Restrictions									
Revenues and other support:									
Revenue from residential facilities	$ 7,764,894	$ 8,043,565	$ 11,567,013	$ 8,878,363	$ 4,932,719	$ 10,002,172	$ 12,359,980	$ 9,639,574	$ 73,188,280
Revenue from healthcare facilities	4,889,099	7,283,981	10,057,569	1,999,005	8,403,398	11,893,172	11,243,161	7,584,623	63,354,008
Services to residents	329,199	1,824,670	949,072	1,340,351	404,621	711,011	1,162,085	383,450	7,104,459
Contributions and bequests	95,309	51,718	40,443	73,564	27	42,597	53,760	-	357,418
Interest and dividends	248,765	313,040	94,960	110,815	104,952	98,728	445,088	476,521	1,892,869
Other revenue	16,343	141,959	4,474	81,509	74,715	397,862	155,582	14,914	887,358
Net assets released from restriction used for operations	107,570	144,316	90,686	100,362	3,256	145,433	164,176	85,167	840,966
Total revenues and other support	13,451,179	17,803,249	22,804,217	12,583,969	13,923,688	23,290,975	25,583,832	18,184,249	147,625,358
Expenses:									
Professional care of patients	3,823,185	5,271,528	6,578,635	2,105,144	4,861,800	9,364,605	6,943,108	5,252,367	44,200,372
Resident services	717,827	568,669	641,838	542,022	524,500	854,811	690,494	935,932	5,476,093
Dining services	2,010,733	2,941,463	3,689,393	2,644,378	2,078,676	3,070,782	3,383,304	3,114,497	22,933,226
Operation and maintenance of facility	2,410,133	2,381,355	5,384,425	3,272,867	1,989,038	4,198,019	3,913,712	4,773,149	28,322,698
Housekeeping and laundry	696,573	905,643	1,246,483	525,899	517,783	1,235,311	954,114	946,742	7,028,548
Administrative and general	1,352,997	1,834,064	1,946,824	1,987,993	1,812,013	2,086,577	1,925,929	1,796,545	14,742,942
Marketing	542,696	695,246	687,692	889,022	550,588	984,952	866,354	1,193,783	6,410,333
Insurance	258,488	237,147	299,741	199,691	208,606	373,657	266,076	368,939	2,212,345
Springpoint Senior Living, Inc. management fee	961,566	1,195,700	1,475,437	913,413	455,137	1,369,229	1,817,561	1,272,911	9,460,954
Interest	880,801	960,693	619,727	321,949	766,795	1,197,085	1,567,676	1,933,380	8,248,106
Provision for doubtful accounts	30,699	179,381	106,943	(31,873)	71,172	171,268	50,688	(59,100)	519,178
Total expenses	13,685,698	17,170,889	22,677,138	13,370,505	13,836,108	24,906,296	22,379,016	21,529,145	149,554,795
Operating (loss) income	(234,519)	632,360	127,079	(786,536)	87,580	(1,615,321)	3,204,816	(3,344,896)	(1,929,437)
Unrealized gains on investments	568,567	634,150	211,503	259,559	205,487	196,296	1,013,311	2,067,731	5,156,604
Net realized gains on investments	466,653	650,009	173,556	276,007	280,043	162,026	2,188,716	267,885	4,464,895
Amortization of entrance fees	2,295,455	1,724,140	2,837,621	2,814,975	901,370	2,888,537	2,848,706	1,512,036	17,822,840
Net change in fair value of derivative financial instruments	(1,226,076)	(1,238,368)	(592,316)	(388,780)	-	-	(1,932,424)	(2,235,837)	(7,613,801)
Loss on disposal of fixed assets	-	-	-	(12,083)	(6,080)	-	(88,486)	-	(106,649)
Depreciation and amortization	(2,801,950)	(2,969,095)	(4,618,578)	(3,367,429)	(1,644,680)	(3,310,943)	(4,939,854)	(6,188,489)	(29,841,018)
Revenues and other support (less than) in excess of expenses	(931,870)	(566,804)	(1,861,135)	(1,204,287)	(176,280)	(1,679,405)	2,294,785	(7,921,570)	(12,046,566)
Pension liability adjustment	-	-	(68,072)	-	-	-	-	-	(68,072)
Change in net assets (deficit) without donor restrictions	$ (931,870)	$ (566,804)	$ (1,929,207)	$ (1,204,287)	$ (176,280)	$ (1,679,405)	$ 2,294,785	$ (7,921,570)	$ (12,114,638)

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2019

	Atrium	Crestwood	Meadow Lakes	Monroe	The Moorings	The Oaks	Montgomery	Winchester Gardens	Combined Total
Changes in Net Assets With Donor Restrictions									
Contributions	$ 118,651	$ 156,448	$ 95,451	$ 86,643	$ 5,000	$ 143,912	$ 174,938	$ 86,171	$ 867,214
Investment income	-	-	-	41,510	-	-	-	-	41,510
Net unrealized loss on investments	-	-	-	(5,431)	-	-	-	-	(5,431)
Net assets released from restriction used for operations	(107,570)	(144,316)	(90,686)	(100,362)	(3,256)	(145,433)	(164,176)	(85,167)	(840,966)
Increase (decrease) in net assets with donor restrictions	11,081	12,132	4,765	22,360	1,744	(1,521)	10,762	1,004	62,327
Change in net assets (deficit)	(920,789)	(554,672)	(1,924,442)	(1,181,927)	(174,536)	(1,680,926)	2,305,547	(7,920,566)	(12,052,311)
Net Assets (Deficit), Beginning	(30,026,260)	7,020,311	(18,888,491)	(9,671,715)	(2,688,381)	7,963,861	(25,545,455)	(24,022,976)	(95,859,106)
Net Assets (Deficit), Ending	$ (30,947,049)	$ 6,465,639	$ (20,812,933)	$ (10,853,642)	$ (2,862,917)	$ 6,282,935	$ (23,239,908)	$ (31,943,542)	$ (107,911,417)

Springpoint Senior Living, Inc. And Affiliates

Affordable Housing Communities: Combining Schedule, Balance Sheet
December 31, 2019

	Dover	Countryside Meadows	Wheaton Pointe	Franklin	Crossroads	Manchester Pines	Portland Pointe	Watchung Terrace	Stafford by the Bay	The Gables	Combined Total
Assets											
Current Assets											
Cash and cash equivalents	$ 73,503	$ 89,720	$ 22,057	$ 44,977	$ 46,488	$ 88,767	$ 58,417	$ 151,350	$ 60,084	$ 43,031	$ 678,394
Accounts receivable, net	(199)	342	(479)	(104)	(358)	(137)	1,216	853	1,031	1,365	3,530
Other current assets	8,275	3,047	32,295	1,122	1,363	1,129	-	2,750	1,129	1,130	52,240
Total current assets	81,579	93,109	53,873	45,995	47,493	89,759	59,633	154,953	62,244	45,526	734,164
Assets Whose Use is Limited	663,000	850,954	679,674	690,115	637,233	512,295	401,644	555,424	587,728	643,476	6,221,543
Property and Equipment, Net	9,954,165	2,575,641	4,898,134	6,087,967	3,825,580	10,877,291	2,543,208	2,791,435	5,530,203	4,654,634	53,738,258
Total assets	$ 10,698,744	$ 3,519,704	$ 5,631,681	$ 6,824,077	$ 4,510,306	$ 11,479,345	$ 3,004,485	$ 3,501,812	$ 6,180,175	$ 5,343,636	$ 60,693,965
Liabilities and Net Deficit											
Current Liabilities											
Accounts payable	$ 37,122	$ 84,784	$ 49,438	$ 33,538	$ 30,057	$ 24,416	$ 40,720	$ 88,124	$ 63,578	$ 28,351	$ 480,128
Accrued expenses	21,230	23,199	17,491	19,631	21,182	24,578	14,143	21,143	15,677	15,062	193,336
Due to affiliates	5,029	5,844	4,939	4,351	18	32,233	914	4,311	12,587	6,356	76,582
Residents' deposits	34,244	29,047	20,026	28,532	31,866	32,258	22,138	33,764	30,151	15,838	277,864
Total current liabilities	97,625	142,874	91,894	86,052	83,123	113,485	77,915	147,342	121,993	65,607	1,027,910
Long-Term Debt	778,680	-	-	778,680	-	800,000	-	-	778,780	-	3,136,140
Capital Advances	10,812,100	5,773,700	8,179,100	8,767,400	7,434,000	11,639,400	5,274,727	6,270,600	7,869,900	8,014,600	80,035,527
Total liabilities	11,688,405	5,916,574	8,270,994	9,632,132	7,517,123	12,552,885	5,352,642	6,417,942	8,770,673	8,080,207	84,199,577
Net Deficit	(989,661)	(2,396,870)	(2,639,313)	(2,808,055)	(3,006,817)	(1,073,540)	(2,348,157)	(2,916,130)	(2,590,498)	(2,736,571)	(23,505,612)
Total liabilities and net deficit	$ 10,698,744	$ 3,519,704	$ 5,631,681	$ 6,824,077	$ 4,510,306	$ 11,479,345	$ 3,004,485	$ 3,501,812	$ 6,180,175	$ 5,343,636	$ 60,693,965

Springpoint Senior Living, Inc. and Affiliates

Affordable Housing Communities: Combining Schedule, Statement of Operations and Changes in Net Deficit
Year Ended December 31, 2019

	Dover	Countryside Meadows	Wheaton Pointe	Franklin	Crossroads	Manchester Pines	Portland Pointe	Watchung Terrace	Stafford by the Bay	The Gables	Combined Total
Revenues and Other Support											
Revenue from residential facilities	$ 780,476	$ 820,530	$ 789,869	$ 781,918	$ 739,524	$ 793,122	$ 647,402	$ 796,878	$ 904,971	$ 746,373	$ 7,801,063
Interest and dividends	302	394	411	322	293	245	188	307	277	301	3,040
Other revenue	6,398	867	4,288	5,419	4,397	6,358	3,470	5,819	6,651	2,571	46,238
Total revenues and other support	787,176	821,791	794,568	787,659	744,214	799,725	651,060	803,004	911,899	749,245	7,850,341
Expenses:											
Operation and maintenance of facility	326,527	359,400	365,359	382,260	317,502	354,862	272,348	324,437	523,862	330,427	3,556,984
Administrative and general	251,028	274,800	245,755	279,982	262,023	254,331	246,632	235,132	274,575	259,443	2,583,701
Insurance	39,542	35,128	33,383	38,672	36,040	40,355	25,833	33,682	40,992	35,166	358,793
Springpoint Senior Living, Inc. management fee	54,432	53,784	52,416	52,416	58,895	53,485	35,568	55,501	52,416	48,858	517,771
Total expenses	671,529	723,112	696,913	753,330	674,460	703,033	580,381	648,752	891,845	673,894	7,017,249
Operating income	115,647	98,679	97,655	34,329	69,754	96,692	70,679	154,252	20,054	75,351	833,092
Loss on disposal of fixed assets	-	-	-	-	(326)	-	(4,235)	(9,054)	-	-	(13,615)
Depreciation and amortization	(339,349)	(184,546)	(234,213)	(265,422)	(223,319)	(333,260)	(165,493)	(210,896)	(233,783)	(218,047)	(2,408,328)
Change in net deficit without donor restrictions	(223,702)	(85,867)	(136,558)	(231,093)	(153,891)	(236,568)	(99,049)	(65,698)	(213,729)	(142,696)	(1,588,851)
Net Assets Deficit, Beginning	(765,959)	(2,311,003)	(2,502,755)	(2,576,962)	(2,852,926)	(836,972)	(2,249,108)	(2,850,432)	(2,376,769)	(2,593,875)	(21,916,761)
Net Assets Deficit, Ending	$ (989,661)	$ (2,396,870)	$ (2,639,313)	$ (2,808,055)	$ (3,006,817)	$ (1,073,540)	$ (2,348,157)	$ (2,916,130)	$ (2,590,498)	$ (2,736,571)	$ (23,505,612)

Springpoint Senior Living, Inc. And Affiliates

Low Income Housing Tax Credit Communities: Combining Schedule, Balance Sheet
December 31, 2019

	Asbury	Butler	Howell	Heritage at Whiting	Mount Holly	Plainfield	Ramsey	Wall	Combined Total
Assets									
Current Assets									
Cash and cash equivalents	$ 888,390	$ 42,209	$ 79,213	$ 109,460	$ 62,254	$ 91,830	$ 215,066	$ 61,298	$ 1,549,720
Accounts receivable, net	55,775	1,948	13,595	5,313	268	14,884	9,287	4,742	105,812
Other current assets	303,954	60,602	70,570	44,099	34,197	101,856	69,574	51,588	736,440
Total current assets	1,248,119	104,759	163,378	158,872	96,719	208,570	293,927	117,628	2,391,972
Assets Whose Use is Limited	2,801,359	1,236,025	1,241,967	451,559	151,910	1,523,927	1,243,028	1,103,308	9,753,083
Property and Equipment, Net	41,200,686	6,784,528	7,622,450	8,368,813	2,968,314	13,195,156	8,878,442	5,771,700	94,790,089
Other Assets, Net	138,230	2,816	10,118	47,756	7,034	45,211	2,578	1,989	255,732
Total assets	$ 45,388,394	$ 8,128,128	$ 9,037,913	$ 9,027,000	$ 3,223,977	$ 14,972,864	$ 10,417,975	$ 6,994,625	$ 107,190,876
Liabilities and Net Assets (Deficit)									
Current Liabilities									
Current maturities of long-term debt	$ 384,105	$ 163,877	$ 147,876	$ 16,725	$ -	$ 149,959	$ 176,894	$ 140,808	$ 1,180,244
Accounts payable	115,174	27,026	24,105	27,822	42,305	49,962	19,922	41,439	347,755
Accrued expenses	517,373	35,425	25,683	97,634	22,048	33,371	34,778	21,645	787,957
Due to affiliates	1,197,457	20,391	21,566	365,628	56,050	17,067	26,398	16,293	1,720,850
Residents' deposits	280,795	30,773	33,465	51,271	12,577	48,332	33,948	24,133	515,294
Total current liabilities	2,494,904	277,492	252,695	559,080	132,980	298,691	291,940	244,318	4,552,100
Long-Term Debt	20,481,273	4,527,774	4,094,745	8,170,615	1,908,034	6,216,051	4,893,000	3,889,048	54,180,540
Notes Payable to Affiliate	20,481,214	2,136,289	3,077,055	750,737	218,157	2,391,638	3,987,358	1,945,974	34,988,422
Other Liabilities	2,275,712	21,188	24,843	717,367	243,322	37,735	28,869	18,206	3,367,242
Total liabilities	45,733,103	6,962,743	7,449,338	10,197,799	2,502,493	8,944,115	9,201,167	6,097,546	97,088,304
Net Assets (Deficit)									
Partner's equity (deficit)	(1,741)	194,787	355,024	(2,002,351)	1,562,471	575,630	405,288	168,231	1,257,339
Noncontrolling ownership interest in limited partnerships	(342,968)	970,598	1,233,551	831,552	(840,987)	5,453,119	811,520	728,848	8,845,233
Total net assets (deficit)	(344,709)	1,165,385	1,588,575	(1,170,799)	721,484	6,028,749	1,216,808	897,079	10,102,572
Total liabilities and net assets (deficit)	$ 45,388,394	$ 8,128,128	$ 9,037,913	$ 9,027,000	$ 3,223,977	$ 14,972,864	$ 10,417,975	$ 6,994,625	$ 107,190,876

Springpoint Senior Living, Inc. and Affiliates

Low Income Housing Tax Credit Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2019

	Asbury	Butler	Howell	Heritage at Whiting	Mount Holly	Plainfield	Ramsey	Wall	Combined Total
Revenues and Other Support									
Revenue from residential facilities	$ 3,668,894	$ 1,353,085	$ 1,545,435	$ 603,529	$ 289,228	$ 2,133,269	$ 1,488,419	$ 1,227,358	$ 12,309,217
Interest and dividends	26,644	12,037	12,284	5,602	1,320	15,029	12,288	11,239	96,443
Other revenue	668,013	5,097	5,685	17,039	8,761	31,887	5,520	2,768	744,770
Total revenues and other support	4,363,551	1,370,219	1,563,404	626,170	299,309	2,180,185	1,506,227	1,241,365	13,150,430
Expenses:									
Operation and maintenance of facility	2,219,725	427,852	449,972	239,693	190,315	815,191	383,441	365,263	5,091,452
Administrative and general	734,399	328,935	338,137	176,025	82,981	411,057	356,883	321,638	2,750,055
Insurance	285,187	39,253	47,091	40,698	30,978	72,764	43,699	32,307	591,977
Springpoint Senior Living, Inc. management fee	235,308	69,730	78,729	51,535	18,232	114,742	78,729	52,486	699,491
Interest	711,683	323,396	335,472	132,308	29,506	562,096	410,652	281,286	2,786,399
Total expenses	4,186,302	1,189,166	1,249,401	640,259	352,012	1,975,850	1,273,404	1,052,980	11,919,374
Operating income (loss)	177,249	181,053	314,003	(14,089)	(52,703)	204,335	232,823	188,385	1,231,056
Net asset transfer from affiliate	-	-	-	-	47,343	-	-	-	47,343
Loss on disposal of fixed assets	(514)	(650)	-	-	-	(3,183)	-	(40,267)	(44,614)
Depreciation and amortization	(1,536,976)	(295,303)	(325,939)	(208,206)	(176,442)	(491,883)	(292,862)	(211,428)	(3,539,039)
Change in net assets (deficit) without donor restrictions	(1,360,241)	(114,900)	(11,936)	(222,295)	(181,802)	(290,731)	(60,039)	(63,310)	(2,305,254)
Net Assets (Deficit), Beginning	1,015,532	1,280,285	1,600,511	(948,504)	903,286	6,319,480	1,276,847	960,389	12,407,826
Net Assets (Deficit), Ending	$ (344,709)	$ 1,165,385	$ 1,588,575	$ (1,170,799)	$ 721,484	$ 6,028,749	$ 1,216,808	$ 897,079	$ 10,102,572

Springpoint Senior Living, Inc. And Affiliates
Other Entities: Combining Schedule, Balance Sheet
December 31, 2019

	SSL	Foundation	Presbyterian Home at Wall, Inc.	Presbyterian Home of Plainfield, Inc.	AHS	Senior Net, Inc.	Integrated Management Services, Inc.	PTS	MHS	Village Point	Springpoint at Haddonfield, Inc.	Springpoint At Home	Springpoint Choice	Cadbury at Cherry Hill, Inc.	Combined Total
Assets															
Current Assets															
Cash and cash equivalents	$ (4,296,557)	$ 381,263	$ 6,350,629	$ 433,675	$ -	$ (49,885)	$ (454,002)	$ -	$ -	$ (1,131,123)	$ 9,597	$ 188,602	$ 88,985	$ 1,627	$ 1,522,811
Current portion of assets whose use is limited	-	753	-	-	-	-	-	-	-	181,913	-	-	-	-	182,666
Accounts receivable, net	-	-	-	-	-	29,734	-	-	-	2,468,316	-	425,250	(3,843)	-	2,919,457
Due from affiliates	10,611,173	415,764	-	-	-	-	-	-	-	-	-	-	-	-	11,026,937
Other current assets	586,633	20,284	-	-	-	920	1,331,509	-	-	313,823	-	54,188	20,535	-	2,327,892
Total current assets	6,901,249	818,064	6,350,629	433,675	-	(19,231)	877,507	-	-	1,832,929	9,597	668,040	105,677	1,627	17,979,763
Investments	-	39,270,733	916,757	-	2,684,124	-	-	578,226	100	-	-	-	1,212,222	-	44,662,162
Assets Whose Use is Limited	2,119,557	4,316,091	-	-	-	-	-	-	-	-	-	-	599,486	-	7,035,134
Investments Held Under Split-Interest Agreements	-	4,186,979	-	-	-	-	-	-	-	-	-	-	-	-	4,186,979
Investments Held by Others Under Split-Interest Agreements	-	1,162,585	-	-	-	-	-	-	-	-	-	-	-	-	1,162,585
Beneficial Interest in Perpetual Trusts	-	3,417,781	-	-	-	-	-	-	-	-	689,572	-	-	-	4,107,353
Due From Affiliates	8,437,412	-	1,124,237	578,226	-	-	425,323	-	-	-	-	-	-	-	10,565,198
Notes Receivable	29,729,088	170,986	2,696,711	2,391,638	-	-	-	-	-	-	-	-	-	-	34,988,423
Loans Receivable From Affiliate	15,314,818	-	3,000,000	-	-	-	-	-	-	-	-	-	-	-	18,314,818
Property and Equipment, Net	1,192,539	15,614	-	-	-	269	178,563	-	-	25,559,084	-	43,211	222,822	-	27,212,102
Goodwill	-	-	-	-	-	-	-	-	-	-	-	2,270,749	3,268,699	-	5,539,448
Other Assets, Net	6,167,000	-	-	-	-	-	-	-	-	1,537,083	-	64,829	-	-	7,768,912
Total assets	$ 69,861,663	$ 53,358,833	$ 14,088,334	$ 3,403,539	$ 2,684,124	$ (18,962)	$ 1,481,393	$ 578,226	$ 100	$ 28,929,096	$ 699,169	$ 3,046,829	$ 5,408,906	$ 1,627	$ 183,522,877

Springpoint Senior Living, Inc. And Affiliates
Other Entities: Combining Schedule, Balance Sheet
December 31, 2019

	SSL	Foundation	Presbyterian Home at Wall, Inc.	Presbyterian Home of Plainfield, Inc.	AHS	Senior Net, Inc.	Integrated Management Services, Inc.	PTS	MHS	Village Point	Springpoint at Haddonfield, Inc.	Springpoint At Home	Springpoint Choice	Cadbury at Cherry Hill, Inc.	Combined Total
Liabilities and Net Assets (Deficit)															
Current Liabilities															
Current maturities of long-term debt and capital lease obligations	$ 368,724	$ -	$ -	$ -	$ -	$ -	$ 65,348	$ -	$ -	$ 538,632	$ -	$ 986,522	$ -	$ -	$ 1,959,226
Accounts payable	437,612	8,183	-	-	-	1,203	-	-	-	248,456	-	9,696	133,792	-	838,942
Accrued expenses	10,157,683	70,940	-	-	-	3,220	1	-	-	555,192	-	202,984	91,195	1,815	11,083,030
Due to affiliates	176,786	19,609	-	-	1,788,736	3	-	590,526	9,625	1,963,140	-	1,505,264	56,246	-	6,109,935
Total current liabilities	11,140,805	98,732	-	-	1,788,736	4,426	65,349	590,526	9,625	3,305,420	-	2,704,466	281,233	1,815	19,991,133
Long-Term Debt and Capital Lease Obligations	8,700,544	-	-	-	-	-	122,729	-	-	26,130,168	-	-	-	-	34,953,441
Notes Payable to Affiliate	-	-	-	-	-	-	-	-	-	-	-	604,818	-	-	604,818
Due to Affiliate	-	-	-	-	-	-	-	-	-	-	-	1,434,928	-	-	1,434,928
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	2,890,001	-	-	-	-	-	-	-	-	-	-	-	-	2,890,001
Refundable Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	490,551	-	490,551
Deferred Revenue From Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	5,936,309	-	5,936,309
Deferred Revenue	17,943,103	55,351	481,968	612,577	-	-	1,305,172	-	-	-	-	-	-	-	20,398,171
Derivative Instruments	188,651	-	-	-	-	-	-	-	-	295,055	-	-	-	-	483,706
Other Liabilities	3,234,597	-	-	-	-	-	-	-	-	1,424,119	-	-	-	-	4,658,716
Total liabilities	41,207,700	3,044,084	481,968	612,577	1,788,736	4,426	1,493,250	590,526	9,625	31,154,762	-	4,744,212	6,708,093	1,815	91,841,774
Net Assets (Deficit)															
Net assets (deficit) without donor restrictions	36,327,422	39,982,169	17,137,907	2,790,962	895,388	(23,388)	(11,857)	(12,300)	(9,525)	(5,725,666)	9,597	(1,697,383)	(1,799,187)	(188)	87,863,951
Net assets with donor restrictions	-	10,332,580	-	-	-	-	-	-	-	-	689,572	-	-	-	11,022,152
Member's equity	(7,673,459)	-	(3,531,541)	-	-	-	-	-	-	3,500,000	-	-	500,000	-	(7,205,000)
Total net assets (deficit)	28,653,963	50,314,749	13,606,366	2,790,962	895,388	(23,388)	(11,857)	(12,300)	(9,525)	(2,225,666)	699,169	(1,697,383)	(1,299,187)	(188)	91,681,103
Total liabilities and net assets (deficit)	$ 69,861,663	$ 53,358,833	$ 14,088,334	$ 3,403,539	$ 2,684,124	$ (18,962)	$ 1,481,393	$ 578,226	$ 100	$ 28,929,096	$ 699,169	$ 3,046,829	$ 5,408,906	$ 1,627	$ 183,522,877

Springpoint Senior Living, Inc. and Affiliates

Other Entities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2019

	SSL	Foundation	Presbyterian Home at Wall, Inc.	Presbyterian Home of Plainfield, Inc.	AHS	Senior Net, Inc.	Integrated Management Services, Inc.	PTS	MHS	Village Point	Springpoint at Haddonfield, Inc.	Springpoint At Home	Springpoint Choice	Cadbury at Cherry Hill, Inc.	Combined Total
Changes in Net Assets (Deficit) Without Donor Restrictions															
Revenues and other support:															
Revenue from healthcare facilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,808,708	$ -	$ -	$ -	$ -	$ 10,808,708
Services to residents	-	-	-	-	-	-	-	-	-	58,242	-	5,149,866	1,532,818	-	6,740,926
Developer and management fees	11,273,605	-	-	-	-	-	608,576	-	-	-	-	-	104,742	-	11,986,923
Contributions and bequests	-	650,129	47,343	-	-	204,636	172,925	-	-	-	-	-	-	-	1,075,033
Interest and dividends	21,875	648,514	-	-	-	-	-	-	-	758	-	-	32,921	-	704,068
Other revenue	778,319	116,773	-	-	-	-	85,030	-	-	-	-	-	41,349	-	1,021,471
Net assets released from restrictions used for operations	-	3,786,283	-	-	-	-	-	-	-	19,350	29,627	-	-	-	3,835,260
Total revenues and other support	12,073,799	5,201,699	47,343	-	-	204,636	866,531	-	-	10,887,058	29,627	5,149,866	1,711,830	-	36,172,389
Expenses:															
Professional care of patients	-	-	-	-	-	-	-	-	-	7,522,509	-	4,093,927	1,772,145	-	13,388,581
Dining services	-	-	-	-	-	-	-	-	-	1,189,084	-	-	-	-	1,189,084
Operation and maintenance of facility	61,078	-	-	-	-	-	-	-	-	716,396	-	-	17,181	9,485	804,140
Housekeeping and laundry	-	-	-	-	-	-	-	-	-	263,267	-	-	-	-	263,267
Administrative and general	9,939,443	1,098,527	31	-	2,475	219,296	795	2,400	2,425	1,085,627	25	1,115,576	1,222,981	227,441	14,917,042
Residents assistance and program services	-	1,411,486	-	-	-	-	73,910	-	-	134,673	29,627	-	-	-	1,649,696
Marketing	1,121,806	-	-	-	-	-	-	-	-	315,840	-	42,517	242,478	-	1,722,641
Insurance	45,662	1,199	-	-	-	959	20,596	-	-	149,338	-	36,410	312	-	254,476
Springpoint Senior Living, Inc. management fee	-	-	-	-	-	-	693,894	-	-	392,969	-	244,066	111,137	-	1,442,066
Interest	318,880	-	-	-	-	-	13,052	-	-	986,098	-	73,454	-	-	1,391,484
Provision for doubtful accounts	-	-	-	-	-	39	-	-	-	87,722	-	13,155	-	-	100,916
Total expenses	11,486,869	2,511,212	31	-	2,475	220,294	802,247	2,400	2,425	12,843,523	29,652	5,619,105	3,366,234	236,926	37,123,393
Operating income (loss)	586,930	2,690,487	47,312	-	(2,475)	(15,658)	64,284	(2,400)	(2,425)	(1,956,465)	(25)	(469,239)	(1,654,404)	(236,926)	(951,004)
Unrealized gains on investments	-	1,699,305	-	-	-	-	-	-	-	-	-	-	82,471	-	1,781,776
Net realized gains on investments	-	3,097,636	-	-	-	-	-	-	-	-	-	-	119,263	-	3,216,899
Amortization of entrance fees	-	-	-	-	-	-	-	-	-	-	-	-	644,003	-	644,003
Net change in fair value of derivative financial instruments	(350,570)	-	-	-	-	-	-	-	-	(677,570)	-	-	-	-	(1,028,140)
Loss on disposal of fixed assets	(1,741)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,741)
Net asset transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	165,072	165,072
Net asset transfer (to) from affiliate	(5,000,000)	-	5,000,000	-	47,343	-	-	-	-	-	-	-	103,045	(103,045)	47,343
Depreciation and amortization	(418,048)	(5,169)	-	-	-	(216)	(63,712)	-	-	(1,011,866)	-	(39,776)	(14,045)	-	(1,552,832)
Revenues and other support in excess of (less than) expenses and change in net assets (deficit) without donor restrictions	(5,183,429)	7,482,259	5,047,312	-	44,868	(15,874)	572	(2,400)	(2,425)	(3,645,901)	(25)	(509,015)	(719,667)	(174,899)	2,321,376
Changes in Net Assets With Donor Restrictions															
Contributions	-	740,950	-	-	-	-	-	-	-	19,350	29,627	-	-	-	789,927
Change in value of split-interest agreements	-	95,489	-	-	-	-	-	-	-	-	-	-	-	-	95,489
Investment income	-	927,543	-	-	-	-	-	-	-	-	-	-	-	-	927,543
Change in value of perpetual trust	-	404,845	-	-	-	-	-	-	-	-	74,978	-	-	-	479,823
Net assets released from restrictions used for operations	-	(3,786,283)	-	-	-	-	-	-	-	(19,350)	(29,627)	-	-	-	(3,835,260)
Increase (decrease) in net assets with donor restrictions	-	(1,617,456)	-	-	-	-	-	-	-	-	74,978	-	-	-	(1,542,478)
Change in net assets (deficit)	(5,183,429)	5,864,803	5,047,312	-	44,868	(15,874)	572	(2,400)	(2,425)	(3,645,901)	74,953	(509,015)	(719,667)	(174,899)	778,898
Net Assets (Deficit), Beginning	33,837,392	44,449,946	8,559,054	2,790,962	850,520	(7,514)	(12,429)	(9,900)	(7,100)	1,420,235	624,216	(1,188,368)	(579,520)	174,711	90,902,205
Net Assets (Deficit), Ending	$ 28,653,963	$ 50,314,749	$ 13,606,366	$ 2,790,962	$ 895,388	$ (23,388)	$ (11,857)	$ (12,300)	$ (9,525)	$ (2,225,666)	$ 699,169	$ (1,697,383)	$ (1,299,187)	$ (188)	$ 91,681,103