Presbyterian Villages of Michigan Obligated Group

Special Purpose Combined Financial Report
with Supplemental Information
December 31, 2020

Contents

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Independent Auditor's Report

To the Board of Directors and Trustees
Presbyterian Villages of Michigan Obligated Group

Report on the Special Purpose Combined Financial Statements

We have audited the accompanying special purpose combined balance sheet of Presbyterian Villages of Michigan Obligated Group (the "Obligated Group"), as defined in the amended and restated Master Trust Indenture dated July 1, 2015 between Presbyterian Villages of Michigan and the Bank of New York Mellon Trust Company, National Association (the "MTI") as of December 31, 2020 and 2019 and the related special purpose combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the special purpose combined financial statements.

Management's Responsibility for the Special Purpose Combined Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose combined financial statements in accordance with the MTI; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the special purpose combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose combined 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 special purpose combined 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 special purpose combined 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 special purpose combined financial statements referred to above present fairly, in all material respects, the financial position of Presbyterian Villages of Michigan Obligated Group as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note 1.

To the Board of Directors and Trustees
Presbyterian Villages of Michigan Obligated Group

Emphasis of Matters

As described in Note 1 to the special purpose combined financial statements, these special purpose combined financial statements were prepared in accordance with the accounting requirements set forth in the MTI and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). As permitted by Section 102 of the MTI, where the MTI references GAAP, management has elected to use accounting principles in place at the time of the Obligated Group's issuance of the July 1, 2015 bonds.

As discussed in Note 3 to the special purpose combined financial statements, the 2019 special purpose combined financial statements have been restated. As part of the Supplemental Master Trust Indenture dated as of September 1, 2020, the Obligated Group was redefined to include Harry & Jeanette Weinberg Green Houses at Rivertown Neighborhood and Harbor Inn.

As discussed in Note 26, the Obligated Group has been impacted by the COVID-19 pandemic and has received funding under various governmental acts put into law throughout the reporting period.

Our opinion is not modified with respect to these matters.

Restriction of Use

This report is intended solely for the information and the use of the board of directors, the trustees, and management of Presbyterian Villages of Michigan Obligated Group; the Bank of New York Mellon Trust Company, National Association; and the Michigan Finance Authority and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2021 on our consideration of Presbyterian Villages of Michigan Obligated Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Presbyterian Villages of Michigan Obligated Group's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 13, 2021

Special Purpose Combined Balance Sheet

December 31, 2020 and 2019

	2020	2019 (As Restated)
Assets		
Current Assets		
Cash	$ 4,860,258	$ 1,370,925
Resident accounts receivable - Net (Note 7)	952,655	1,509,771
Other receivables:		
Due from related organizations - Net (Note 16)	747,136	480,756
Pledges receivable - Net (Note 8)	736,246	352,186
Due from managed entities and other	737,524	529,229
Investments and assets limited as to use - Current portion (Note 10)	208,858	169,045
Prepaid expenses and other current assets	407,540	439,295
Total current assets	8,650,217	4,851,207
Land, Buildings, and Equipment - Net (Note 9)	41,835,428	38,768,636
Undeveloped Land (Note 9)	1,370,333	1,371,834
Investments and Assets Limited as to Use - Net of current portion (Note 10)	27,545,199	16,316,700
Other Assets		
Beneficial interest in assets held by third parties and other long-term assets (Note 11)	1,502,450	1,377,933
Pledges receivable - Net of current portion (Note 8)	3,190	725,471
Investment in and amounts due from related organizations - Other (Note 16)	5,606,167	5,840,113
Investment in related organizations - Programs of All-Inclusive Care for the Elderly (Note 16)	8,582,524	6,175,873
Debt issuance costs - Net	1,501,335	827,352
Total assets	**$ 96,596,843**	**$ 76,255,119**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 3,064,221	$ 2,176,172
Current portion of note payable and line of credit (Note 12)	590,561	256,666
Current portion of Medicare accelerated and advance payments (Note 26)	380,865	-
Current portion of bonds payable (Note 13)	680,000	545,000
Accrued payroll and related liabilities	929,960	766,298
Current portion of Paycheck Protection Program loan (Note 26)	4,438,545	-
Other current liabilities	413,280	408,804
Total current liabilities	10,497,432	4,152,940
Long-term Debt		
Notes payable and line of credit - Net of current portion (Note 12)	2,557,601	9,573,157
Bonds payable - Net of current portion (Note 13)	44,396,860	27,090,776
Medicare accelerated and advance payments - Net of current portion (Note 26)	409,441	-
Total long-term debt	47,363,902	36,663,933
Other Long-term Liabilities		
Deferred revenue (Notes 5 and 16)	1,492,473	1,735,691
Refundable advance fees	1,414,000	1,414,000
Provision for interest rate swap agreement (Note 13)	235,259	-
Total liabilities	61,003,066	43,966,564
Net Assets (Note 20)		
Unrestricted	23,791,273	23,398,543
Temporarily restricted	6,127,200	3,248,137
Permanently restricted	5,675,304	5,641,875
Total net assets	35,593,777	32,288,555
Total liabilities and net assets	**$ 96,596,843**	**$ 76,255,119**

See notes to special purpose combined financial statements.

Special Purpose Combined Statement of Operations

Years Ended December 31, 2020 and 2019

	2020	2019 (As Restated)
Operating Revenue		
Net resident service revenue (Note 6)	$ 21,314,575	$ 26,559,598
Management fees (Note 16)	2,127,628	2,257,043
Development fees (Note 16)	97,366	221,337
Technology fees (Note 16)	981,095	794,823
Interest and dividends - Net	568,885	603,045
Contributions, gifts, and donations	876,127	457,452
Loss on sale of land, building, and equipment	(5,715)	(440)
Other	1,410,802	1,289,656
Net assets released from restrictions	2,323,627	479,823
Total operating revenue	29,694,390	32,662,337
Operating Expenses		
Employee compensation	16,963,163	18,056,545
Grants	800,125	481,761
Insurance	530,533	459,405
Other operating expenses	10,453,784	11,533,743
Total operating expenses before interest and depreciation	28,747,605	30,531,454
Income from Operations - Before interest and depreciation expense	946,785	2,130,883
Interest Expense	1,916,842	2,017,072
Depreciation	2,475,723	2,283,665
Loss from Operations	(3,445,780)	(2,169,854)
Investment and Other Income (Loss)		
Net realized gain on investments	1,084,360	1,513,306
Net unrealized gain on investments	910,599	435,271
Change in value of split-interest agreements (Note 15)	(53,116)	(20,375)
Change in value of equity method investment in related organizations - Other	(2,725)	(168,966)
Change in value of equity method investment in related organizations - Programs of All-Inclusive Care for the Elderly (Note 16)	2,406,651	405,561
Change in value of swap agreement	(235,259)	-
Total investment and other income	4,110,510	2,164,797
Excess of Revenue Over (Under) Expenses	664,730	(5,057)
Net Assets Released from Restrictions for Capital Purposes	-	964,495
Equity Transfer to Affiliates (Note 16)	(272,000)	(905,330)
Increase in Unrestricted Net Assets	**$ 392,730**	**$ 54,108**

See notes to special purpose combined financial statements.

Special Purpose Combined Statement of Changes in Net Assets

Years Ended December 31, 2020 and 2019

	2020	2019 (As Restated)
Unrestricted Net Assets		
Increase (decrease) in unrestricted net assets - Before net assets released from restrictions for capital purposes and equity transfer to affiliates	$ 664,730	$ (5,057)
Equity transfer to affiliates	(272,000)	(905,330)
Net assets released from restrictions for capital purposes	-	964,495
Increase in unrestricted net assets	392,730	54,108
Temporarily Restricted Net Assets		
Contributions	4,787,729	1,228,513
Change in value	414,961	457,317
Net assets released from restrictions	(2,323,627)	(1,444,318)
Increase in temporarily restricted net assets	2,879,063	241,512
Permanently Restricted Net Assets		
Contributions	29,471	19,079
Change in value of outside trust	3,958	(4,441)
Increase in permanently restricted net assets	33,429	14,638
Increase in Net Assets	3,305,222	310,258
Net Assets - Beginning of year	32,288,555	31,978,297
Net Assets - End of year	**$ 35,593,777**	**$ 32,288,555**

See notes to special purpose combined financial statements.

Special Purpose Combined Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019 (As Restated)
Cash Flows from Operating Activities		
Increase in net assets	$ 3,305,222	$ 310,258
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Equity transfers	272,000	905,330
Depreciation and amortization	2,520,081	2,337,181
Net realized and unrealized gain on investments	(2,413,878)	(2,401,453)
Change in value of beneficial interest in assets held by third parties and other long-term assets	(120,559)	(69,152)
Resident bad debt expenses write-offs	137,861	206,285
Pledge bad debt expenses write-offs	4,395	5,328
Contribution received for long-term purposes	(2,029,471)	(783,912)
Loss on sale of land, undeveloped land, building, and equipment	5,715	440
Change in deferred lease revenue	(243,218)	(246,120)
Investment in and amounts due from related organizations - Other	(126,672)	109,317
Investment in related organization - Programs of All-Inclusive Care for the Elderly	(2,406,651)	(405,561)
Change in value of interest rate swap agreement	235,259	-
Changes in operating assets and liabilities that provided (used) cash:		
Resident accounts receivable	419,255	(76,407)
Pledges, accrued interest, and other receivables	(924,469)	127,663
Prepaid expenses and other current assets	9,843	(7,864)
Deferred revenue	-	(34,706)
Accounts payable	(366,038)	880,356
Medicare accelerated and advance payments	790,306	-
Other current liabilities	168,138	(225,010)
Net cash (used in) provided by operating activities	(762,881)	631,973
Cash Flows from Investing Activities		
Purchases of investments and assets limited as to use	(14,481,168)	(13,955,321)
Proceeds from sale and maturities of investments and assets limited as to use	5,622,776	15,560,707
Cash paid for land, buildings, equipment, and construction activity	(3,983,275)	(1,367,174)
Cash paid for investment in and amounts due from related organizations - Other	(177,762)	(1,522,149)
Cash paid for investment in related organization - Programs of All-Inclusive Care for the Elderly	-	(3,600)
Net cash used in investing activities	(13,019,429)	(1,287,537)
Cash Flows from Financing Activities		
Payment on long-term debt	(7,726,661)	(715,787)
Payment of debt issuance costs	(972,415)	-
Contributions received for long-term purposes	3,079,471	619,079
Cash proceeds from issuance of bonds and line of credit	18,452,703	-
Paycheck Protection Program loan proceeds	4,438,545	-
Net cash provided by (used in) financing activities	17,271,643	(96,708)
Net Increase (Decrease) in Cash	3,489,333	(752,272)
Cash - Beginning of year	1,370,925	2,123,197
Cash - End of year	**$ 4,860,258**	**$ 1,370,925**
Supplemental Cash Flow Information - Cash paid for interest	$ 2,652,569	$ 2,464,951
Significant Noncash Transactions		
Contributed refundable advance fees	$ -	$ 228,600
Acquisition of property and equipment not yet paid	1,254,087	310,290

See notes to special purpose combined financial statements.

Note 1 - Nature of Business

Presbyterian Villages of Michigan Obligated Group (the "Obligated Group") consists of the following not-for-profit entities, with the Harry & Jeanette Weinberg Green Houses of Rivertown Neighborhood and Harbor Inn joining on September 30, 2020, but effective January 1, 2019 for the purpose of financial reporting:

- Presbyterian Villages of Michigan (PVM)
- Presbyterian Villages of Michigan Foundation (PVMF)
- Presbyterian Village Redford (PVR)
- Presbyterian Village East (PVE)
- Presbyterian Village Westland (PVW)
- Presbyterian Village North (PVN)
- Harry & Jeanette Weinberg Green Houses at Rivertown Neighborhood (Weinberg Green Houses)
- Harbor Inn

The Obligated Group's special purpose combined financial statements are prepared for the combined entities for the purpose of complying with the requirements of Section 412(b) of the master trust indenture agreement between the Bank of New York Mellon Trust Company, National Association and the Obligated Group as it relates to the Michigan Finance Authority Revenue Bonds described in Note 13.

PVM is a comprehensive, diverse, innovative, faith-based aging services network organization serving seniors in communities since 1945, with the following mission statement: Guided by our Christian heritage, we serve seniors of all faiths and create new possibilities for quality living.

The special purpose combined financial statements exclude 12 senior housing partnerships and 3 not-for-profit entities for which the Obligated Group has control and economic interest. Investments in unconsolidated subsidiaries are recorded on the special purpose combined balance sheet as investment in and amounts due from related organizations and accounted for under the equity method. The exclusion of these related entities is required to comply with the special purpose nature of these special purpose combined financial statements. As described further in Note 16, the Obligated Group has various transactions with these and other related entities.

PVMF provides philanthropic support, lines of credit, and credit enhancement to advance and sustain the mission of PVM. PVMF engages in fundraising activities and maintains a fiduciary role over certain unrestricted, temporarily restricted, and permanently restricted cash and investments for the support and betterment of all entities owned and managed by PVM.

PVM's faith-based traditions of benevolence and social accountability are further reflected in its statement of beliefs and values and its various operational philosophies and practices.

PVM provides management, development, technology, and other services to the Obligated Group's entities and other related entities described in Note 16, as well as to certain unrelated organizations.

Note 1 - Nature of Business (Continued)

PVE provides housing with supportive services, assisted living, memory support, health care, and other related services to residents through the operation of a life plan community in Chesterfield Township, Michigan. PVW provides senior apartment housing with supportive services, assisted living, memory support, and related services in Westland, Michigan. PVR sold its interest in the nursing and assisted living programs on October 7, 2015, but it retains its entity status and continues to pay down existing debt. Weinberg Green Houses provide licensed assisted living to participants of an affiliated organization in Detroit, Michigan. Harbor Inn is developing 96 apartment and ranch home units on the PVE campus in Chesterfield Township, Michigan. The number of units of total capacity by village as of December 31, 2020 and 2019 are as follows:

	Apartments	Assisted Living Units	Memory Support Units	Nursing Units	Total
PVE	83	43	33	102	261
PVW	206	20	20	-	246
Weinberg Green Houses	-	21	-	-	21
Total	289	84	53	102	528

PVN is a general partner in a PVM affiliate, Pontiac ILF Limited Dividend Housing Association Limited Partnership (Pontiac ILF), a 150-unit subsidized housing rental project. PVN is a general and limited partner in Oakland Woods Limited Dividend Housing Association Limited Partnership (Oakland Woods II), a 66-unit affordable housing rental project. Pontiac ILF and Oakland Woods II have management agreements with PVM. PVN operates certain wellness programs for the benefit of residents in Pontiac ILF and Oakland Woods II and owns and maintains the remaining undeveloped land on the campus.

PVM is affiliated through separate institutional covenant agreements with the Presbytery of Detroit, the Presbytery of Lake Michigan, the Presbytery of Lake Huron, and the Presbytery of Mackinac. Neither PVM nor the four presbyteries accept any responsibility, either in whole or in part, for the financial or contractual obligations of the other respective organizations.

All material intercompany activity among the members of the Obligated Group has been eliminated in the combination.

Note 2 - Significant Accounting Policies

Basis of Accounting

The accompanying special purpose combined financial statements do not represent a presentation in compliance with generally accepted accounting principles (GAAP). In order for these special purpose combined financial statements to have been in compliance with current GAAP, the activity of various related entities would have to be included, and the Obligated Group would have to adjust the financial statements for any applicable accounting standards issued since July 1, 2015. Accounting pronouncements subsequent to July 1, 2015 that have not been adopted but that may have a significant impact on the special purpose combined financial statements include: revenue from contracts with customers and related parties, presentation of financial statements of not-for-profit entities, clarifying the scope and accounting guidance for contributions received and contributions made, simplifying the presentation of debt issuance costs, and leases. Applying current GAAP pronouncements would result in materially different financial results and disclosures. In instances where the special purpose reporting framework references accounting principles generally accepted in the United States of America, management has elected to use accounting principles in place at the time of the Obligated Group's issuance of the July 1, 2015 bonds. Management has concluded this is an acceptable method of accounting pursuant to the guidelines within the special purpose framework.

All significant intercompany transactions and balances have been eliminated in consolidation.

Note 2 - Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Obligated Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certain cash and cash equivalents held as designated funds are reported as long-term investments (see Note 10). The Obligated Group maintains cash balances that at times may exceed Federal Deposit Insurance Corporation insurance coverage.

Resident Accounts Receivable

The Obligated Group’s resident accounts receivable are stated at net invoice amounts and consist primarily of amounts due from Medicare and Medicaid programs, managed care health plans, and private payor sources. The allowance for doubtful accounts reflects the Obligated Group’s best estimate of probable losses in the accounts receivable balance and is determined based on known troubled accounts, historical loss experience, and other currently available evidence. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that such determination is made.

Pledges Receivable

PVMF receives pledges of financial support from individuals, corporations, and foundations. Revenue is recognized when a pledge is made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. An allowance for uncollectible contributions is provided based on management's judgment of potential nonpayment. The determination includes such factors as prior collection history, type of contribution, current economic conditions, and nature of fundraising. Bad debt expense for the years ended December 31, 2020 and 2019 was $4,395 and $5,328, respectively. Bad debt expense is included in other operating expenses on the special purpose combined statement of operations.

Investments

Investments in debt and equity securities are considered trading securities and are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are recorded in the special purpose combined statements of operations and changes in net assets. Investments in pooled insurance arrangements are recorded at cost and adjusted for any permanent impairments.

Risks and Uncertainties

PVMF invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the special purpose combined balance sheet.

Investments in, Equity Transfers, and Amounts Due from Related Organizations

Investments in and amounts due from related organizations represent PVM development and working capital advances, developer fees receivable, equity investments, and notes receivable, which are recorded at estimated net collectible value. Investments in related entities are accounted for by the equity method. Amounts advanced to and equity received from related organizations not deemed to be recoverable are accounted for as equity transfers to or from affiliates in the year they are made. Costs incurred toward new projects are recorded as project development costs until a related entity is formed. Upon establishment of the new entity, amounts are classified as due from related organizations. An allowance for uncollectible advances is established based on management's judgment of potential defaults, prior collections, projected cash flows of affiliate entities, and current and projected economic conditions and market values.

Note 2 - Significant Accounting Policies (Continued)

Land, Buildings, Equipment, and Undeveloped Land

Land, buildings, construction in progress, equipment, and undeveloped land are recorded at cost when purchased and at estimated fair market value when donated. Depreciation is computed principally on a straight-line basis over the estimated useful lives of the assets, which range from 5 years to 40 years. Costs of maintenance and minor repairs are charged to expense when incurred.

Debt Issuance Costs

Debt issuance costs include financing costs related to the issuance of Public Finance Authority Revenue and Refunding Bonds, Series 2020A; Michigan Finance Authority Revenue and Refunding Bonds, Series 2015; and Huntington National Bank Series 2020B Bonds. The debt issuance costs are amortized over the term of each bond issue. Amortization expense was $35,597 and $32,490 for the years ended December 31, 2020 and 2019, respectively.

Debt issuance costs also include financing costs related to separate financing agreements. The debt issuance costs are amortized over the term of the financing agreements. Amortization expense was $9,146 and $26,550 for the years ended December 31, 2020 and 2019, respectively. During the year ended December 31, 2020, the Obligated Group wrote off debt issuance costs related to debt that was refinanced and paid off during 2020.

Original Issue Discount

Discounts related to the issuance of Public Finance Authority Revenue and Refunding Bonds, Series 2020A and Michigan Finance Authority Revenue and Refunding Bonds, Series 2015 are reported as a reduction of the bond principal amount outstanding and are amortized using the interest method over the life of the bonds. Amortization expense was $33,381 and $31,604 for the years ended December 31, 2020 and 2019, respectively.

Deferred Revenue

Deferred revenue includes the prepaid portion of a lease entered into with an affiliated organization. The prepaid lease amount is amortized into lease income consistent with recognition of lease income on a straight-line basis over the life of the lease. A prepaid lease in the amount of $229,152 and $224,648 has been amortized into lease income during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, PVM had deferred revenue for the prepaid lease totaling $1,433,595 and $1,662,747, respectively.

Deferred revenue also includes advance fees paid by a resident upon entering into a life lease contract with PVE and is amortized to income using the straight-line method over the actuarially determined estimated remaining life expectancy of the resident or the contract term, whichever is shorter. The balance is recognized in the year the resident moves out. At December 31, 2020 and 2019, PVE had deferred revenue related to life leases totaling $58,878 and $72,944, respectively.

Advance Fees

PVE entered into advance fee contracts with certain residents. Under the terms of the advance fee contracts, 90 percent of the contract amount is refundable to the resident at the termination of the contract and is recorded as a refundable entrance fee recorded in other long-term liabilities in the special purpose combined balance sheet. The remaining 10 percent that is not refundable is recorded as deferred revenue (see *Deferred Revenue* above). At December 31, 2020 and 2019, PVE had refundable advance fees totaling $1,414,000. An advance fee of approximately $228,000 was donated to PVE during the year ended December 31, 2019.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

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

Unrestricted: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Obligated Group.

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

Earnings, gains, and losses on donor-restricted net assets are classified as unrestricted net assets unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board primarily for resident needs, benevolence, leadership development, nonqualified deferred compensation, and various capital items and program initiatives in the Obligated Group and related organizations. In addition, PVMF has a board-designated endowment fund. Assets invested by PVMF for the purpose of these designations are included in long-term investments. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Revenue Recognition

The Obligated Group has operations that provide the following main revenue streams: resident service revenue and development, management, consulting, and technology service fees. The key judgments made by the Obligated Group to recognize the revenue streams in accordance with Accounting Standards Codification (ASC) 605 are disclosed further in Note 5.

Resident Benevolence Program

The Obligated Group provides housing, services, and care to residents who meet certain criteria under its benevolence program without charge or at amounts less than established rates. Because the Obligated Group does not pursue collection of amounts determined to qualify as benevolence, they are not reported as net resident service revenue. The amount reflects the cost of free or discounted housing, assisted living, memory support, and health services, net of other revenue received, as direct assistance for the provision of benevolent care. The value of benevolence services provided was $574,668 and $632,725 for the years ended December 31, 2020 and 2019, respectively, and is based upon data derived from the Obligated Group's cost accounting system.

Contributions

Unconditional promises to give cash and other assets to the Obligated Group are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as restricted 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 the purpose restriction is accomplished, net assets with temporary restrictions are reclassified to unrestricted net assets and reported in the special purpose combined statement of operations as net assets released from restrictions.

Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received or the conditions are met.

Note 2 - Significant Accounting Policies (Continued)

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Grant Revenue

The Obligated Group has received Provider Relief Fund distributions from the U.S. Department of Health and Human Services (HHS) and the State of Michigan, which are considered government grants. Grant revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met (see Note 26).

Performance Indicator Defined

The special purpose combined statement of operations includes excess of revenue over (under) expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over (under) expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring, lending to, and/or investing such assets), and items required to be reported separately under specialized not-for-profit standards.

Impairment of Assets

The Obligated Group recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairments in the Obligated Group's long-lived assets were recognized in 2020 or 2019.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in Note 19. Costs have been allocated between the various program and support services on several bases and estimates. Although the methods of allocation disclosed in Note 19 are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Obligated Group members are not-for-profit corporations and are exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no tax provision is recorded in the special purpose combined financial statements.

Use of Estimates

The preparation of special purpose 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 special purpose combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The special purpose combined financial statements and related disclosures include evaluation of events up through and including May 13, 2021, which is the date the special purpose combined financial statements were available to be issued.

Note 3 - Change in Reporting Entity

The accompanying financial statements for 2019 have been restated due to the entry of Weinberg Green Houses and Harbor Inn entities into the Obligated Group effective January 1, 2019. As part of the Supplemental Master Trust Indenture dated September 1, 2020, the Obligated Group was redefined to include these entities. As a result of the change in reporting entity for 2019, loss from operations decreased by $89,946, and total change in net assets increased by $89,946. Beginning of the year net assets for 2019 also increased by $4,074,801. As a result of the change in reporting entity for 2020, loss from operations increased by $250,921, and total change in net assets decreased by $486,180.

Note 4 - Liquidity of Assets

Available Resources and Liquidity

The Obligated Group's sources of liquidity include cash and cash equivalents, unrestricted marketable debt and equity securities, a wide range of receivables, and a line of credit.

The Obligated Group annually budgets and continually forecasts and monitors liquidity required to meet its operating needs, lending covenants, and other contractual commitments while also striving to actively manage the investment of its available funds with preservation of capital as the primary objective.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Obligated Group considers all expenditures related to its ongoing operation of its two retirement communities (Village of East Harbor and Village of Westland), Weinberg Green Houses, the operation of PVMF and PVM, and PVM's oversight of its related real estate development activities. General expenditures also include routine capital spending on facilities and equipment, advances on its facilities developments, and payment of debt service obligations.

PVMF receives significant contributions with donor restrictions to be used in accordance with the associated restricted purposes. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs and general expenditures. In addition, PVMF receives support without donor restrictions.

PVMF considers unrestricted investment income, appropriated earnings from permanently and board-designated (quasi) endowments, unrestricted contributions, and contributions with temporary restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Obligated Group entities have undeveloped, vacant land that is sold from time to time in the normal course of business to create senior housing and whose proceeds are used for general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months and donation and investment income described above, the Obligated Group develops annually detailed operating and cash flow budgets that anticipate collecting sufficient operating and nonoperating revenue to cover general expenditures.

Note 4 - Liquidity of Assets (Continued)

The following table shows the Obligated Group's financial assets available within one year of the special purpose combined balance sheet date for general expenditure:

	2020	2019 (As Restated)
Cash	$ 4,860,258	$ 1,370,925
Resident accounts receivable - Net	952,655	1,509,771
Due from related organizations - Net	747,136	480,756
Pledges receivable - Net	736,246	352,186
Other receivables	737,524	529,229
Investments and assets limited as to use - Current portion	208,858	169,045
Total	$ 8,242,677	$ 4,411,912

In addition to these assets, the unrestricted investment assets (which are not considered current assets) disburse approximately $200,000 each year to cover a portion of the benevolence costs of the Obligated Group and approximately $200,000 in 2020 and 2019 to cover the debt service requirement for PVR.

PVMF's governing board has designated a portion of its unrestricted resources for endowment and other purposes. Those amounts are identified as board-designated assets in Note 10 and generally considered noncurrent assets. These funds are invested for long-term appreciation, preservation of capital, and current income but remain available and may be spent at the discretion of the PVMF board.

The Obligated Group has a committed revolving loan agreement in the amount of $500,000 at December 31, 2020 and 2019, as further described in Note 12. A draw was made as of December 31, 2020 and repaid on January 3, 2021. No draws were made in 2019, and the balance available is $0 and $500,000 as of December 31, 2020 and 2019, respectively.

Liquidity of Investments

Approximately 68 and 65 percent of PVMF's investment portfolio consists of marketable equity securities and 32 and 35 percent of U.S. fixed-income securities as of December 31, 2020 and 2019, respectively.

Note 5 - Revenue Recognition

Resident Service Revenue

Net resident service revenue is reported at established rates based on the reimbursable amounts the Obligated Group expects to receive for providing resident services. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and include adjustments due to contractual arrangements with Medicare, Medicaid, and other third-party payors; discounts provided to uninsured residents in accordance with the Obligated Group's policy; and settlement of audits, reviews, and investigations. Generally, the Obligated Group bills the residents and third-party payors on a monthly basis after the services are performed or the resident moves out of the facility. The Obligated Group also provides certain ancillary services to residents, which are also billed monthly.

The nonrefundable portion of advance fees represents a right to the resident to access to future services. The nonrefundable portion is recorded as deferred revenue and is amortized to income using a time-based measurement to recognize revenue over the expected estimated resident contract term, beginning with the move-in date through the estimated remaining life of a resident.

Note 5 - Revenue Recognition (Continued)

Agreements with third-party payors typically provide for payments at amounts different than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare: Certain long-term care services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Outpatient services are paid using prospectively determined rates.

Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined rates per day.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, Programs of All-Inclusive Care for the Elderly, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Obligated Group's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Obligated Group. In addition, the contracts the Obligated Group has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are included in the determination of the net service revenue recognized for providing resident services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Obligated Group's historical settlement activity. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews, and investigations.

An allowance for doubtful accounts is established based on historical loss experience and adjusted for economic conditions and other trends affecting the Obligated Group’s ability to collect outstanding amounts. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Bad debt expense for the years ended December 31, 2020 and 2019 was $137,861 and $206,285, respectively. Bad debt expense is included in other operating expenses on the special purpose combined statement of operations.

The composition of resident service revenue by primary payor for the years ended December 31, 2020 and 2019 is described in Note 6. Revenue from residents' deductibles and coinsurance is included in the categories presented based on the primary payor.

Note 5 - Revenue Recognition (Continued)

Development Fees

PVM periodically enters into development or development consulting contracts with other entities for the development of senior housing. Under a development agreement, PVM commits to develop the Obligated Group member, affiliate, or nonowned entity, or a project of the entity, including (but not limited to) negotiating and assisting in the predevelopment planning leading to program definition, establishing and implementing appropriate administrative and financial controls related to the project, planning and raising the necessary capital to finance such project, securing entitlements, construction and oversight, obtaining and maintaining insurance coverage, marketing and leasing the development, assembling and retaining all documents related to the development, and using its best efforts to complete the project on schedule and reach stabilized performance. PVM determines the probability of collection by assessing each contract individually.

Fees from Management Contracts

PVM has entered into a number of management contracts with a variety of senior housing affiliates and nonowned entities. Under a management contract, the entity receives the services specified in the contract (e.g., management oversight, financial reporting, risk management, regulatory compliance, etc.). The management contracts include a provision for renewal and a cancellation clause. The management contract specifies that the fee payment is billed and collected monthly. PVM evaluates each entity's balance due to PVM each month and evaluates bad debt risk quarterly.

Technology Service Fees

The managed entities sign a service agreement with PVM each fiscal year for technology services around information systems and low-voltage technologies. Under the monthly service fee, the entity receives the services specified in the agreement (connection to the Network Operations Center and the PVM information technology network, software and hardware support, file backups, work order management functions, etc.). The service contract includes a provision for automatic renewal and a cancellation clause. PVM also signs agreements with affiliates and nonowned/nonmanaged entities for the design and installation of all low-voltage applications in a development project.

Given the responsibility to manage the entities in a fiscally responsible manner, PVM generally does not have collectibility issues; however, PVM evaluates each entity’s balance due to PVM each month and evaluates bad debt risk quarterly.

Note 6 - Net Resident Service Revenue

Significant sources of net resident service revenue as percentages are summarized for the years ended December 31, 2020 and 2019 as follows:

	2020	2019 (As Restated)
Medicaid	21.00 %	19.00 %
Medicare	18.00	22.00
Private and other	61.00	59.00
Total	100.00 %	100.00 %

Note 7 - Resident Accounts Receivable

The details of resident accounts receivable are set forth below:

	2020	2019 (As Restated)
Resident accounts receivable	$ 1,101,552	$ 1,615,080
Less allowance for doubtful accounts	148,897	105,309
Net resident accounts receivable	$ 952,655	$ 1,509,771

Accounts receivable as percentages at December 31 of each year were due from the following:

	2020	2019 (As Restated)
Medicaid	28 %	25 %
Medicare	44	45
Private	22	19
Other	6	11
Total	100 %	100 %

Note 8 - Pledges Receivable

Pledges receivable consist of the following unconditional promises to give as of December 31:

	2020	2019
Pledges receivable:		
Due within one year	$ 748,467	$ 352,186
Due in one to five years	4,000	786,225
Due after five years	-	150,000
Total pledges receivable	752,467	1,288,411
Less discount	(408)	(198,833)
Allowance for estimated uncollectible amounts	(12,623)	(11,921)
Total	739,436	1,077,657
Less current portion	(736,246)	(352,186)
Long-term portion	$ 3,190	$ 725,471

The Obligated Group received a conditional contribution of $250,000 during the year ended December 31, 2019. The condition to be met requires PVMF to obtain a certification of substantial completion on the development project for which the contribution was given. As of December 31, 2020, the condition has not yet been met, and, therefore, the contribution has not been recognized in the special purpose combined statement of operations.

Note 9 - Land, Buildings, Equipment, and Undeveloped Land

Land, buildings, and equipment are summarized as follows:

	2020	2019 (As Restated)
Land	$ 2,771,388	$ 2,769,884
Land improvements	3,028,719	3,028,719
Buildings and additions	45,137,168	45,112,168
Building improvements	11,026,963	10,997,247
Departmental equipment	8,893,999	8,746,538
Transportation equipment	364,061	364,061
Furniture and fixtures	985,537	965,513
Computer software and equipment	1,403,906	1,378,692
Construction in progress	6,353,654	1,395,343
Total cost	79,965,395	74,758,165
Accumulated depreciation	38,129,967	35,989,529
Net property and equipment	$ 41,835,428	$ 38,768,636

Undeveloped vacant land costs of $1,370,333 and $1,371,834 existed as of December 31, 2020 and 2019, respectively.

During the year ended December 31, 2019, PVE entered into a construction contract with an unrelated party of approximately $1,320,000 for development of a new Wellness Center. As of December 31, 2020, approximately $66,000 of construction costs have been incurred toward the contracted amount.

During the year ended December 31, 2019, Harbor Inn entered into a construction contract with an unrelated party for approximately $20,665,000 for development of a new independent living project. As of December 31, 2020, approximately $4,272,000 of construction costs have been incurred toward the contract amount.

Interest related to debt financing of capital projects of $124,247 was capitalized during the year ended December 31, 2020.

Note 10 - Investments and Assets Limited as to Use

Investments and assets limited as to use consist of the following at December 31:

	2020	2019
Cash and cash equivalents	$ -	$ 299,144
Money market funds	2,692,853	2,347,688
Corporate bonds	3,186,325	2,743,426
U.S. government and agency issues	8,209,908	1,652,221
Mutual funds	317,935	92,526
Municipal obligations	1,427,572	982,635
Common stocks	11,305,116	7,741,988
Other investments	78,800	90,569
Risk retention group	535,548	535,548
Total investments and assets limited as to use	$ 27,754,057	$ 16,485,745

Note 10 - Investments and Assets Limited as to Use (Continued)

	2020							
	PVM	PVMF	PVR	PVE	PVW	Weinberg Green Houses	Harbor Inn	Total
Investments and assets limited as to use:								
Assets limited as to use:								
Debt service reserve and escrows	$ 31,960	$ -	$ 223,880	$ 2,445,428	$ 2,479,080	$ 303,549	$ 2,203,137	$ 7,687,034
Endowment assets	-	6,061,146	-	-	-	-	-	6,061,146
Pooled income assets	-	104,224	-	-	-	-	-	104,224
Board-designated assets	244,060	1,952,059	-	-	-	-	-	2,196,119
Other investments	78,800	11,091,186	-	-	-	-	-	11,169,986
Investment in risk retention group	535,548	-	-	-	-	-	-	535,548
Total investments and assets limited as to use	890,368	19,208,615	223,880	2,445,428	2,479,080	303,549	2,203,137	27,754,057
Less current portion	(2,877)	-	(20,150)	(113,695)	(66,112)	(2,415)	(3,609)	(208,858)
Long-term portion	$ 887,491	$ 19,208,615	$ 203,730	$ 2,331,733	$ 2,412,968	$ 301,134	$ 2,199,528	$ 27,545,199

	2019							
	PVM	PVMF	PVR	PVE	PVW	Weinberg Green Houses	Harbor Inn	Total
Investments and assets limited as to use:								
Assets limited as to use:								
Debt service reserve and escrows	$ 31,896	$ -	$ 223,434	$ 1,248,599	$ 722,585	$ -	$ -	$ 2,226,514
Endowment assets	-	4,798,089	-	-	-	-	-	4,798,089
Pooled income assets	-	111,250	-	-	-	-	-	111,250
Board-designated assets	229,039	1,779,573	-	-	-	-	-	2,008,612
Other investments	90,569	6,715,163	-	-	-	-	-	6,805,732
Investment in risk retention group	535,548	-	-	-	-	-	-	535,548
Total investments and assets limited as to use	887,052	13,404,075	223,434	1,248,599	722,585	-	-	16,485,745
Less current portion	(2,436)	-	(17,063)	(94,365)	(55,181)	-	-	(169,045)
Long-term portion	$ 884,616	$ 13,404,075	$ 206,371	$ 1,154,234	$ 667,404	$ -	$ -	$ 16,316,700

Assets limited as to use, required by a third party, include funds held by the bond trustee to fund a required debt reserve account (see Note 13), endowment assets related to net assets with donor restrictions (as disclosed in Notes 20 and 21), pooled income assets held by PVMF related to the split-interest agreements (as disclosed in Note 15), and investments pledged as collateral for certain credit facilities (as disclosed in Note 12).

The Obligated Group has a claims-made policy for professional and general liability through Caring Communities Insurance Company (Caring Communities), a reciprocal risk retention group domiciled in the District of Columbia, USA. The investment is recorded under the cost method on the special purpose combined balance sheet.

Note 10 - Investments and Assets Limited as to Use (Continued)

The Obligated Group is responsible for the first $75,000 per claim, and Caring Communities is responsible for amounts over $75,000 up to $1,000,000 per claim and $6,000,000 in the aggregate. Premiums are actuarially determined based on claims history and were $193,795 and $197,759 for the Obligated Group for the years ended December 31, 2020 and 2019, respectively. Depending on loss history, performance related to established prescriptives, and adequacy of capital, Caring Communities may, but is not obligated to, return a portion of premiums paid in the form of cash dividends and/or deposits to the subscriber's savings account. PVM's subscriber savings account balance is $1,219,430 and $1,100,681 at December 31, 2020 and 2019, respectively, as disclosed in Note 11. The Obligated Group may be called upon to contribute additional funds to its subscriber account to maintain capital in Caring Communities.

Note 11 - Beneficial Interest in Perpetual Trust and Other Long-term Assets

Beneficial interest in assets held by third parties consists of the following:

	2020	2019
Contributions receivable from remainder trust	$ 4,243	$ 3,802
Beneficial interest in perpetual trust	58,037	54,079
Beneficial interest in charitable gift annuities	8,740	7,371
Beneficial interest in trust	212,000	212,000
Total beneficial interest in perpetual trust	283,020	277,252
Subscriber savings account	1,219,430	1,100,681
Total beneficial interest in assets held by third parties and other long-term assets	$ 1,502,450	$ 1,377,933

Contributions receivable from remainder trust consist of donations made to the Presbyterian Foundation, an unrelated entity, the principal of which will be given to PVMF upon the donor's death.

PVMF has a beneficial interest in a perpetual trust sponsored by the Community Foundation of Southeastern Michigan (CFSEM), a nonaffiliated organization. The purpose of the trust is to provide operating and Green House® support from trust earnings for PVM non-Obligated Group affiliates.

In addition, certain funds donated by outside donors are held and managed by CFSEM for the benefit of the Obligated Group. Such contributions are subject to variance power maintained by CFSEM. Contributions by outside donors had a fair value of $2,098,494 and $1,967,748 at December 31, 2020 and 2019, respectively. Earnings are available for distribution at the discretion of CFSEM for Obligated Group members and non-Obligated Group affiliate operations; therefore, interest and principal balances are not reflected in the special purpose combined financial statements.

Beneficial interest in charitable gift annuities consists of donations made to third parties in which the principal will be held in trust for perpetuity by the third parties upon the donor's death. The annual earnings of the trust will be given to PVMF.

Beneficial interest in trust consists of donated funds held by a third party until 2021, when the principal will be given to the Obligated Group. Annual earnings of the trust are given to PVMF.

The Obligated Group has a subscriber savings account related to the Obligated Group's investment in the risk retention group, Caring Communities Insurance Company.

Note 12 - Note Payable and Line of Credit

The Obligated Group has a financing agreement with Huntington National Bank (HNB). Under the terms of the agreement, the Obligated Group has two and four credit facilities (collectively, the "HNB credit facilities") supported by a supplement to the master trust indenture as of December 31, 2020 and 2019, respectively:

The Obligated Group has a $500,000 line of credit with PVM to fund working capital expenses, due in March 2021, with payments of interest due monthly. The outstanding balance at December 31, 2020 and 2019 was $500,000 and $0, respectively. During 2020, the line of credit was amended to increase the principal amount to $1,000,000 with a maturity date of 364 days or less, and the additional $500,000 expired on September 30, 2020. All other terms remained the same. Subsequent to year end, the line of credit was repaid and extended by the bank to mature on May 11, 2022.

In December 2016, PVM entered into a $2,870,000 long-term loan to refinance investments in affiliate organizations and capital expenditures in PVE. On September 30, 2020, the loan was amended to be held by the Obligated Group in an amount of $2,671,545, to mature on September 30, 2027, at which time any remaining unpaid principal and interest are due and have an annual interest rate of 2.25 percent over the London Interbank Offered Rate (LIBOR), with the LIBOR floor at 0.50 percent. Prior to refinancing, annual interest was calculated at a rate of 2.35 percent over LIBOR. The effective interest rate as of December 31, 2020 and 2019 was 2.75 and 4.10 percent, respectively. The balance at December 31, 2020 and 2019 was $2,648,162 and $2,726,860, respectively. The term loan is payable in monthly principal and interest payments totaling $14,063 and is collateralized by certain obligated group real estate.

The line of credit and above term loan are subject to certain financial covenants. At December 31, 2020, the Obligated Group was in violation of the occupancy covenant. The bank has waived that requirement of the agreement as of May 12, 2021 and for the periods ended December 31, 2020 and March 31, 2021.

In December 2016, PVE entered into a $600,000 term loan for renovations. The balance at December 31, 2020 and 2019 was $0 and $569,442, respectively. The term loan was refinanced with Series 2020A bonds on September 30, 2020. The term loan was payable in monthly principal and interest payments totaling $2,845 through December 2023 prior to refinancing.

In June 2017, PVE entered into a $2,000,000 draw loan for renovations and new construction. The draw loan was amended in 2018 to $2,572,000. The draw loan was refinanced with Series 2020A bonds on September 30, 2020. The draw loan was payable in monthly principal and interest payments totaling $14,097 through December 2025 prior to refinancing. As of December 31, 2020 and 2019, total draws on the loan are $0 and $2,266,027, respectively. The note was secured by a mortgage of the constructed facility.

In May 2016, Weinberg Green Houses entered into a $4,500,000 promissory note. The promissory note was refinanced with Series 2020A bonds on September 30, 2020. Prior to refinancing, the promissory note was payable in monthly principal and interest payments totaling $26,307, with interest accruing at a rate of 5 percent, through May 2023.

Interest on the HNB line of credit and term loans, refinanced as part of the September 30, 2020 bond refinancing, accrued at a rate of 2.35 percent per annum plus LIBOR (2.50 and 4.10 percent at December 31, 2020 and 2019, respectively).

Note 12 - Note Payable and Line of Credit (Continued)

Unamortized debt issuance costs associated with the above notes payable were $31,452 and $297,926 as of December 31, 2020 and 2019, respectively. These are included within debt issuance costs on the special purpose combined balance sheet.

Future minimum principal payments on the HNB term loan to maturity as of December 31, 2020 are as follows:

Years Ending	Amount
2021	$ 90,561
2022	93,315
2023	96,153
2024	99,078
2025	102,092
Thereafter	2,166,963
Total note payable	2,648,162
Less current portion	(90,561)
Total note payable - Net of current portion	$ 2,557,601

Note 13 - Bonds Payable

In September 2020, the Obligated Group entered into a $20,000,000 construction/mini permanent tax-exempt bond direct purchase (the "Series 2020B bonds") for new construction of Harbor Inn independent living facilities on the PVE campus. The draw loan is interest only for 30 months and matures on September 30, 2027. During this period, the applicable interest accrues at a rate of 2.25 percent per annum above LIBOR, with a floor of 0.50 percent. As of December 31, 2020, total draws on the loan were $400,000, and the effective interest rate was 2.75 percent. The bonds are collateralized by identified real and personal property, contracts, and future revenue of the Obligated Group's members. PVM, PVW, PVE, Harbor Inn, and PVMF have entered into an interest rate swap agreement to synthetically fix the effective interest rate on these bonds (see Note 14 additional information).

On September 30, 2020, the Obligated Group consummated financing arrangements through the Public Finance Authority, providing for the issuance of $18,180,000 of Series 2020A 30-year revenue and refunding bonds (the "Series 2020A bonds"), which were issued at a discount. The bonds are collateralized by identified real and personal property, contracts, and future revenue of the Obligated Group's members. Interest payments are due biannually on May 15 and November 15, with rates on the bonds ranging from 2.75 percent to 5.25 percent. Remaining annual principal payments range from $110,000 to $1,045,000 and are due each November 15 through 2053.

During 2015, the Obligated Group consummated financing arrangements through the Michigan Finance Authority, providing for the issuance of $30,275,000 of Series 2015 30-year revenue and refunding bonds (the "Series 2015 bonds"), which were issued at a discount. The bonds are collateralized by identified real and personal property, contracts, and future revenue of the Obligated Group's members. Interest payments are due biannually on May 15 and November 15, with rates on the bonds ranging from 2.25 percent to 5.50 percent. Remaining annual principal payments range from $570,000 to $1,920,000 and are due each November 15 through 2045.

Note 13 - Bonds Payable (Continued)

The Series 2020A, Series 2020B, and Series 2015 bonds require funding of a debt service reserve, which is included in investments as assets limited as to use (as disclosed in Note 10). All bonds are subject to certain restrictive financial and other covenants. The Obligated Group was not in compliance with a minimum occupancy covenant requirement of the Series 2020B bonds; however, this violation was waived by the bond holder in May 2021.

Unamortized debt issuance costs associated with the above bonds payable were $1,469,883 and $529,426 as of December 31, 2020 and 2019, respectively. These are included within debt issuance costs on the special purpose combined balance sheet.

Future minimum principal payments on the Series 2020A bonds and the Series 2015 bonds payable to maturity as of December 31, 2020 are as follows:

Years Ending	Amount
2021	$ 680,000
2022	855,000
2023	1,199,000
2024	1,016,000
2025	970,000
Thereafter	41,465,000
Subtotal	46,185,000
Less original issue discount	(1,108,140)
Total bonds payable	45,076,860
Less current portion	(680,000)
Total bonds payable - Net of current portion	$ 44,396,860

Note 14 - Derivatives

The Obligated Group manages risks relating to the variability of future cash flows on variable-rate debt through the use of an interest rate swap agreement (the "swap") on the Series 2020B bonds. The swap was executed in September 2020 in conjunction with the issuance of the Series 2020B bonds. The notional amount of the swap is $20,000,000 at December 31, 2020 and matures on September 15, 2027. Beginning on February 15, 2023, the swap requires monthly settlements based on the Obligated Group paying a fixed rate of 2.82 percent and receiving a variable rate of LIBOR x 0.79 percent plus 1.78 percent. The interest rate swap is recognized in the accompanying special purpose combined balance sheet at fair value and was in a liability position of approximately $235,000 as of December 31, 2020. Changes in the fair value of the interest rate swap are recognized in in nonoperating income on the special purpose combined statement of operations.

Note 15 - Split-interest Agreements

PVMF is a beneficiary of various split-interest agreements held in a pooled income trust. Assets contributed under these agreements are held at PVMF. Donors to this pooled income trust receive payments based on interest earned on amounts donated during their lifetimes. The value of the split-interest agreements was $104,224 and $111,250 at December 31, 2020 and 2019, respectively, and is recorded by the Obligated Group as pooled income assets (see Note 10). The present value of the estimated future payments to the donors, using 8.75 percent as of December 31, 2020 and 2019, has been recorded as a liability of the Obligated Group. As of December 31, 2020 and 2019, the total liability under these split-interest agreements is $53,770 and $11,432, respectively, which is included within other current liabilities on the special purpose combined balance sheet.

Note 16 - Related Party Transactions

The Obligated Group has an interest in certain affiliate entities at December 31, 2020 and 2019.

Certain directors and officers of the Obligated Group may also be trustees of the following sponsorship interests:

- Bethany Presbyterian Manor (Bethany)
- Brush Park Senior Housing Development Corp. (Brush Park)
- Harmony Village Senior Nonprofit Housing Corp. (Harmony)
- Our Saviour’s Manor Senior Nonprofit Housing Corp. (OSM)
- Peace Presbyterian Village Nonprofit Housing Corp. (Peace)
- Presbyterian Village Holly Nonprofit Corp. (Holly I)
- Presbyterian Village Holly Phase II Nonprofit Housing Corp. (Holly II)
- First Presbyterian Church Housing Corp. (Warren Glenn)
- Oakman Village Manor Senior Housing Development Corp. (Oakman)
- Hampton Farms Senior Housing Corp. (Hampton Meadows)
- Mill Creek Senior Housing Corp. (Mill Creek)
- Hillside Apartments Phase II (Hillside II)
- Harbor Area Housing (Hillside I)
- Spring Meadows II Senior Nonprofit Housing Corp. (Spring Meadows II)
- PVM Kalamazoo Senior Nonprofit Housing Corp. (Sage Grove)
- Rivertown Senior NP Housing Corp., Inc. (Rivertown Senior Living)
- St. Martha's Senior Housing Corporation (St. Martha's)

In addition, the Obligated Group has a direct ownership interest in the following entities, which are accounted for under the equity method:

- Blackman LDHA LP (Spring Meadows)
- Alpena Pines, LDHA, LP (Pines)
- TESSS

Note 16 - Related Party Transactions (Continued)

- Hartford-PVM, LLC (Hartford PVM)
- PACE Southeast Michigan (PACE SEMI)
- East Jefferson Neighborhood Condominium Association (Rivertown Association)
- Detroit Affordable Assisted Living, LDHA, LP (Rivertown Assisted Living)
- Perry Farm Development Co. (PFDC)
- Perry Farm Village Association (PFVA)
- Lake Huron Woods Associates LDHA, LP (Lake Huron Woods)
- Oakland Woods LDHA, LP (Oakland Woods II A)
- Pontiac ILF LDHA, LP (Oakland Woods)
- Gibraltar Manor LDHA, LP (Gibraltar)
- Woodbridge ILF LDHA, LP (Woodbridge)
- Alpena Village, LLC (Alpena Condos)
- Redford Manor LDHA, LP (Villa at Redford)
- Redford Cottages LDHA, LP (Redford Cottages)
- Presbyterian Village Redford Condominium (Redford Condos)
- Hillside LDHA, LP (Hillside III)
- Hartford Village (Hartford)
- CareSync Solutions, LLC (CareSync)
- PACE Central Michigan (PACE CM)
- University Meadows I LDHA LP (UM I)
- University Meadows II LDHA LP (UM II)
- Meyers Senior LDHA LP (Meyers I)

PVM has an equity interest in general partner entities and, in certain instances, limited partner entities associated with various limited dividend housing associations on December 31, 2020 as follows: PV North, LLC; 5221 Lakeshore, LLC; Lake Huron Woods LP, LLC; Redford Manor, LLC; Redford Manor LP, LLC; PVM Jefferies, LLC; PV North II, LLC; PV North II LP, LLC; PV West, LLC; PVM EJNP Real Estate Company, LLC; PVM Detroit AAL, Inc.; PVM EJNP AAL, LLC; Redford Cottages, LLC; Hillside LLC; PVM University Meadows, LLC; and Meyers Senior II GP, LLC. PVM is also a 50 percent owner of Gibraltar Manor Development, Inc.

Note 16 - Related Party Transactions (Continued)

Investments in and Amounts Due from Related Organizations

Transactions with affiliated organizations are reflected in the accompanying special purpose combined balance sheet in the investment in and amounts due from related organizations as follows:

	2020	2019 (As Restated)
Non-interest-bearing development advances	$ 16,672	$ 20,958
Non-interest-bearing development fees	20,502	20,502
Non-interest-bearing operating advances:		
Due from	963,712	923,951
Less reserve	(473,000)	(477,000)
Note receivable and accrued interest - Other	2,980,596	2,968,959
Less allowance	(46,807)	(46,807)
Non-interest-bearing development advances to entities not yet established	242,448	176,269
Equity investment in Programs of All-Inclusive Care for the Elderly (PACE)	8,582,524	6,175,873
Equity investments in senior housing and service organizations	2,649,180	2,617,952
Redford accrued interest receivable - Redford Cottages	1,843,818	1,486,950
Less allowance	(1,843,818)	(1,486,950)
PV North investment in and due from Pontiac ILF	-	116,085
Total	14,935,827	12,496,742
Less current portion	(747,136)	(480,756)
Total - Long-term portion	$ 14,188,691	$ 12,015,986

Advances to related party entities are uncollateralized, and repayment is subject to the ability of the related party entity to generate adequate cash flow to meet its existing obligations and repay PVM, PVR, and PVN.

Notes Receivable

Various notes have been established to fund capital projects. All notes are unsecured and are repayable from excess operating cash flows or, as applicable, at the end of the low-income housing tax credit (LIHTC) compliance period. The source of funds is predominantly designated donations for projects that are loaned to the affiliate.

PVM: In October 2011, PVM established a $332,500 note receivable with Rivertown Assisted Living. The balance of the note is $332,500 as of December 31, 2020 and 2019.

Note 16 - Related Party Transactions (Continued)

Redford Cottages: In February 2014, PVR sold land and property to Redford Cottages and established a surplus cash note receivable from Redford Cottages in an original amount of $4,664,996. This note carries an interest rate of 7.65 percent per annum, simple interest, payable annually, commencing in 2016 and annually thereafter on the first day of the determination of the post-year-end audit surplus cash determination until the entire indebtedness has been paid. Any interest not paid shall accrue and be payable in full on the maturity date. The note matures on March 1, 2055. The transaction was accounted for under the profit-sharing method, where the Obligated Group accounts for the asset sold as an investment in Redford Cottages, which is then subject to increase or decrease based on certain cash activity and operations at the property. This method results in a note receivable that is not recorded in the Obligated Group's special purpose combined balance sheet, but rather the payments on this note are reported in revenue only as they are received. At December 31, 2020 and 2019, the net outstanding investment in Redford Cottages was $0.

Hillside III: In October 2017, PVM loaned $1,907,000 to Hillside III and established a surplus cash note receivable from Hillside III. This note carries an interest rate of 3 percent per annum, simple interest, payable annually, commencing in 2017 and annually thereafter on the first day of the determination of the post-year-end audit surplus cash determination, but subsequent to the payment of any deferred developer fee, until the entire indebtedness has been paid. Any interest not paid shall accrue and be payable in full on the maturity date. The note matures on December 31, 2034. At December 31, 2020 and 2019, the net outstanding loaned to Hillside III was $1,907,041.

UMI: In October 2019, PVM loaned $675,000 to UMI and established a surplus cash note receivable from UMI. This note carries an interest rate of 1 percent per annum, simple interest, payable annually, commencing in 2019 and annually thereafter on the first day of the determination of the post-year-end audit surplus cash determination, but subsequent to the payment of any deferred developer fee, until the entire indebtedness has been paid. Any interest not paid shall accrue and be payable in full on the maturity date. The note matures on December 31, 2069. At December 31, 2020 and 2019, the net outstanding loan to UMI was $675,000.

Equity Interests

The equity investment in PACE represents PVM's 45 percent membership interest in PACE SEMI, a joint venture that provides an alternative to traditional nursing home care for select Wayne, Oakland, and Macomb county residents by offering prepaid, capitated, comprehensive health care services designed to meet various objectives, which is accounted for under the equity method. At December 31, 2020 and 2019, PVM's investment in PACE SEMI was $8,582,524 and $6,025,811, respectively. Of the investment, $6,244,774 and $3,688,061 as of December 31, 2020 and 2019, respectively, represents cumulative gains reported on the investment, net of equity distributions. No equity distributions were made in 2020 or 2019.

The equity investment in PACE also represents PVM's 40 percent membership interest in PACE CM, a joint venture that provides an alternative to traditional nursing home care for select residents of 14 central Michigan counties, which are accounted for under the equity method. The program was opened in November 2018. At December 31, 2020 and 2019, PVM's investment in PACE CM was $0 and $150,062, respectively. The original investment is net of cumulative losses of $999,600 and $849,538 as of December 31, 2020 and 2019, respectively.

Senior housing and service organizations represent PVM's equity interest in general partner entities associated with various limited dividend housing associations, as well as PVM's 50 percent ownership interest in Gibraltar Manor Development, Inc. and Hartford PVM, LLC, and 33.33 percent ownership interest in CareSync Solutions which are accounted for under the equity method.

Note 16 - Related Party Transactions (Continued)

Revenue and Expenses

PVM received fees for management and financial services provided to certain of these related organizations totaling $1,105,245 and $1,020,405 for the years ended December 31, 2020 and 2019, respectively, which are included in management fees in the special purpose combined statement of operations. PVM recognized developer fees totaling $60,612 and $221,337 for the years ended December 31, 2020 and 2019, respectively, in relation to complying with development contracts for related entity projects. PVM also provided technology services to related parties in the amount of $490,830 and $471,279 for the years ended December 31, 2020 and 2019, respectively. PVMF made grant allocations to certain of these related organizations totaling $60,069 and $281,925, included in operating expenses for the years ended December 31, 2020 and 2019, respectively. PVM also receives revenue for management fees, development fees, and technology fees from unrelated organizations. Revenue from related and unrelated organizations is reported on the special purpose combined statement of operations.

Lease Agreement

PVM has entered into a lease agreement as lessor related to providing leased space to PACE SEMI, an organization affiliated through common ownership. Under the terms of the agreement, PVM built out the PACE SEMI space based on certain specifications within 18 months from the effective date of the lease (January 31, 2012) and then leased the unit to PACE SEMI for a period of 15 years. The agreement is treated as an operating lease, with payments due monthly in an amount of $18,390 for years one through five, and then increasing at a 2 percent rate per annum through the remainder of the lease. The lease also called for a prelease deposit to fund project costs, of which $3,264,908 was received through December 31, 2014. The remaining amount prepaid of $1,433,595 and $1,662,747 at December 31, 2020 and 2019, respectively, is reported as deferred revenue on the special purpose combined balance sheet.

Equity Transfers to and from Affiliates

For the years ended December 31, 2020 and 2019, PVM conducted certain transactions with related parties, which were accounted for as equity transfers on the special purpose combined statement of operations as follows:

	2020	2019
Transfer of operating advance to PFDC	$ 263,000	$ 293,000
Transfer of operating advances to Alpena Village LLC	9,000	-
Equity transfer to Redford Manor LDHA, LP	-	203,330
Equity transfer to Oakland Woods LDHA, LP	-	409,000
Total equity transfers to affiliates	$ 272,000	$ 905,330

Guarantees

The Obligated Group has guaranteed debt for related organizations under supplements to the master trust indenture as follows:

In June 2014, the Obligated Group guaranteed 56 percent of the outstanding principal balance of a term loan of PFDC. On January 20, 2020, the bank refinanced the loan to extend the maturity date to January 1, 2027. At December 31, 2020 and 2019, the outstanding principal balance of the term loan was $707,454 and $730,649, respectively. The amount of the guarantee was $396,174 and $409,163 at December 31, 2020 and 2019, respectively.

Note 16 - Related Party Transactions (Continued)

In 2011, the Obligated Group agreed to fund the operating assurance escrow with letters of credit from Lake Huron Woods totaling $150,000. PVM is the sole member of 5221 Lakeshore, LLC, the general partner of Lake Huron Woods. At December 31, 2020 and 2019, the Obligated Group pledged future contributions of $135,000 if certain conditions were not met. All conditions were met in 2020 and 2019.

In 2018, PACE CM obtained a $3,500,000 working capital line of credit. The Obligated Group guaranteed 40 percent of the outstanding principal balance of the line of credit. The balance as of December 31, 2020 and 2019 was $950,078 and $350,078, respectively. The amount of the guarantee was $380,031 and $140,031 at December 31, 2020 and 2019, respectively.

Note 17 - Retirement Plans

PVM maintains a tax-sheltered retirement plan under Internal Revenue Code (IRC) Section 403(b). Under this plan, the Obligated Group matches employee contributions up to 8 percent (for every $1.00 contributed by the employee, the Obligated Group matches $0.25; up to the maximum employee contribution of 8 percent, resulting in a maximum Obligated Group match of 2 percent). Additionally, the Obligated Group contributes a discretionary match subject to board approval to qualified participants. The Obligated Group’s contributions to the plans totaled $174,735 in 2020 and $149,595 in 2019. As of December 31, 2020, the Obligated Group implemented a transfer of the funds held in the 403(b) plan to the Retirement Savings Plan (RSP) of the Board of Pensions of the Presbyterian Church (U.S.A.).

Note 18 - Deferred Compensation

In 2008, the Obligated Group entered into an IRC Section 457(f) nonqualified deferred compensation agreement with an officer of the Obligated Group. Other officers were subsequently added to the plan. Failure of the officers to meet conditions of the plan shall result in an immediate termination of any future payments. During the years ended December 31, 2020 and 2019, combined contributions and net investment earnings (losses) to the nonqualified plan were $15,021 and $36,968, respectively. At December 31, 2020 and 2019, the aggregate contributions were invested, and the balances were $244,060 and $229,039, respectively.

Note 19 - Functional Expenses

The Obligated Group consists of not-for-profit entities, including a life plan community and a senior housing and assisted living community providing housing, health care, wellness, and other related services to residents. The Obligated Group's financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Obligated Group. Those expenses and their allocation methods include:

Depreciation and amortization	Square feet
Employee benefits	Wage expense
Property insurance	Square feet
Interest expense	Square feet
Information technology	Number of computers
Occupancy expense	Square feet
Pension expense	Wages

General and administrative costs of these entities are combined and reflected in the management and general category in the table below. This includes the following types of expenses for the administration and human resource departments:

- Accounting and audit
- Advertising - Help wanted
- Education
- Legal fees
- Office supplies
- Other (printing, dues, telephone, equipment maintenance, bank fees)
- Payroll taxes
- Purchased services
- Supplies - General
- Travel

Note 19 - Functional Expenses (Continued)

Expenses related to providing services are as follows as of December 31:

	2020	2019 (As Restated)
Program services:		
Wages	$ 9,908,969	$ 10,479,365
Benefits	916,593	867,915
Payroll taxes	730,772	779,111
Pension	97,885	97,401
Advertising	200,289	212,425
Bed taxes	552,547	657,899
Depreciation	2,061,726	2,123,742
Education	5,018	8,575
Fees	1,090,663	1,406,836
Insurance	484,377	414,378
Interest	1,876,206	1,745,490
Technology	139,710	159,307
Legal	-	459
Medical supplies	615,023	932,591
Occupancy	1,422,559	1,541,720
Office	418	1,897
Purchased services	1,347,726	2,155,289
Supplies	808,019	252,703
Travel	11,343	19,489
Grants	800,125	481,761
Other	1,161,102	707,238
Total program services	24,231,070	25,045,591
Support services:		
Management and general:		
Wages	4,462,401	4,798,788
Benefits	245,179	301,840
Payroll taxes	298,981	331,922
Pension	72,755	150,113
Accounting	118,407	68,516
Advertising	94,368	117,376
Depreciation	104,631	100,883
Education	28,548	49,293
Fees	10,215	7,520
Insurance	45,468	44,473
Interest	167,679	172,467
Technology	1,015,473	989,211
Legal	109,131	219,154
Occupancy	169,272	173,995
Office	87,983	84,736
Purchased services	326,857	309,183
Supplies	4,920	9,520
Travel	94,297	250,760
Other	401,600	460,494
Total management and general	7,858,165	8,640,244

Note 19 - Functional Expenses (Continued)

	2020	2019 (As Restated)
Fundraising and public relations:		
Wages	$ 257,114	$ 298,342
Benefits	26,144	31,644
Pension	4,095	3,230
Technology	24,408	23,614
Occupancy	19,623	18,307
Office	85,633	67,220
Other	49,790	101,419
Purchased services	60,572	60,520
Travel	8,105	23,019
Total fundraising and public relations	535,484	627,315
Discontinued operations:		
Insurance	688	554
Interest	153,479	158,156
Legal	-	742
Medical supplies	-	146
Other	360,088	358,495
Purchased services	1,196	946
Total discontinued operations	515,451	519,039
Total support services	8,909,100	9,786,598
Total	$ 33,140,170	$ 34,832,189

Amortization expense of debt issuance and financing costs is included within interest expense in the above disclosure. The same amortization expense is included within depreciation expense on the special purpose combined statement of operations.

Note 20 - Net Assets

Unrestricted net assets consist of the following as of December 31:

	2020	2019
Board-designated net assets:		
Endowment	$ 1,871,059	$ 1,698,573
Nonqualified deferred compensation	244,060	229,039
Schroeder Leadership Fund	81,000	81,000
Total board-designated net assets	2,196,119	2,008,612
Undesignated net assets	23,791,273	23,398,543
Total unrestricted net assets	$ 25,987,392	$ 25,407,155

Note 20 - Net Assets (Continued)

Temporarily and permanently restricted net assets as of December 31 are available for the following purposes:

	2020	2019
Temporarily restricted net assets:		
Subject to expenditure for a specified purpose:		
Non-Obligated Group village spending	$ 658,427	$ 822,057
Non-Obligated Group investments and loans	1,800,000	-
Obligated Group capital spending	1,211,572	994,400
Obligated Group operations	1,057,515	920,557
Total subject to expenditure for a specified purpose	4,727,514	2,737,014
Subject to the passage of time:		
Contributions receivable under charitable remainder trust agreements	4,243	3,802
Beneficial interest in trust	212,000	212,000
Pledge receivable - Net	739,437	35,081
Total subject to the passage of time	955,680	250,883
Subject to the Obligated Group's spending policy - Unappropriated earnings - Endowment	443,826	260,240
Total temporarily restricted net assets	$ 6,127,200	$ 3,248,137
Permanently restricted net assets:		
Funds restricted in perpetuity to investments, the income from which is expendable to support the continuing care of residents	$ 5,617,320	$ 4,537,849
Not subject to appropriation or expenditure - Beneficial interest in perpetual trusts and charitable gift annuities	57,984	61,450
Pledge receivable - Net	-	1,042,576
Total permanently restricted net assets	$ 5,675,304	$ 5,641,875
Purpose restrictions accomplished:		
Non-Obligated Group village spending	$ 297,804	$ 338,556
Non-Obligated Group investments and loans	-	500,000
Obligated Group capital spending	-	13,145
Obligated Group operations	1,715,948	87,524
Benevolence	30,464	33,822
Total purpose restrictions accomplished	2,044,216	973,047
Time restrictions expired - Collection of pledge receivables	48,457	129,469
Release of appropriated endowment amounts with purpose restrictions	230,954	341,802
Total release of restrictions	$ 2,323,627	$ 1,444,318

Note 21 - Donor-restricted and Board-designated Endowments

PVMF's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 21 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Obligated Group is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies certain amounts in its donor-restricted endowment funds as temporarily restricted because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to unrestricted net assets. The board of directors of PVMF had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Obligated Group considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the endowment fund and (b) any accumulations to the endowment fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Obligated Group has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Obligated Group considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

	Endowment Net Asset Composition by Type of Fund as of December 31, 2020			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 1,871,059	$ -	$ -	$ 1,871,059
Donor-restricted endowment funds	-	443,826	5,617,320	6,061,146
Total	$ 1,871,059	$ 443,826	$ 5,617,320	$ 7,932,205

Note 21 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 1,698,573	$ 260,240	$ 4,537,849	$ 6,496,662
Investment return:				
Investment income	13,192	19,702	-	32,894
Net appreciation - Realized and unrealized	187,977	394,838	-	582,815
Total investment return	201,169	414,540	-	615,709
Contributions	-	-	29,471	29,471
Appropriation of endowment assets for expenditure	(28,683)	(230,954)	-	(259,637)
Other changes - Pledge payments received	-	-	1,050,000	1,050,000
Endowment net assets - End of year	$ 1,871,059	$ 443,826	$ 5,617,320	$ 7,932,205

	Endowment Net Asset Composition by Type of Fund as of December 31, 2019			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 1,698,573	$ -	$ -	$ 1,698,573
Donor-restricted endowment funds	-	260,240	4,537,849	4,798,089
Total	$ 1,698,573	$ 260,240	$ 4,537,849	$ 6,496,662

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2019			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 1,463,674	$ 138,019	$ 4,218,770	$ 5,820,463
Investment return:				
Investment income	13,000	21,602	-	34,602
Net appreciation - Realized and unrealized	215,269	435,715	-	650,984
Total investment return	228,269	457,317	-	685,586
Contributions	100	-	19,079	19,179
Appropriation of endowment assets for expenditure	-	(341,802)	-	(341,802)
Other changes:				
Transfers to create board-designated endowment funds	6,530	-	-	6,530
Pledge payments received	-	-	300,000	300,000
Other	-	6,706	-	6,706
Endowment net assets - End of year	$ 1,698,573	$ 260,240	$ 4,537,849	$ 6,496,662

Note 21 - Donor-restricted and Board-designated Endowments (Continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual permanently restricted endowment funds may fall below the level that the donor or SPMIFA requires the Obligated Group to retain as a fund of perpetual duration. As of December 31, 2020 and 2019, there were underwater funds of $0 and $38,073, respectively.

Return Objectives and Risk Parameters

PVMF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those permanently restricted net assets that PVMF must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the PVMF board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 5 percent net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

As a matter of general policy, the maximum annual cash payout from both permanently restricted and board-designated endowments shall not exceed 5 percent of the average of the market value of invested assets, using a three-year rolling average as of June 30 of each of the three most recent years. The amount will be available for distribution each year for the purpose of the endowment. Annually, PVMF's board of directors will approve as part of the annual budget an amount that will be appropriated for spending, absent any donor restrictions.

Note 22 - Operating Leases - Lessee

During 2011, PVM entered into an amendment of its building lease. A lease termination fee of $253,867 was paid and is amortized over the remaining term of the new lease. The new lease expires on April 30, 2022. Remaining monthly lease payments range from $12,230 to $12,729. Total rent expense under this lease was $134,525 and $130,532 for the years ended December 31, 2020 and 2019, respectively.

PVM also entered into two agreements to lease parking from unrelated third parties. Monthly parking lease payments are $2,500 and $900, with increases based on the Consumer Price Index. Under the terms of the agreements, the lease terms began on January 1, 2013 and August 1, 2017, respectively. The lease terms expire on December 31, 2027 and June 30, 2022, respectively. Total rent expense under these leases was $40,800 for both years ended December 31, 2020 and 2019.

Note 22 - Operating Leases - Lessee (Continued)

Future minimum lease commitments as of December 31, 2020 are as follows:

Years Ending December 31	Amount
2021	$ 176,823
2022	86,315
2023	30,000
2024	30,000
2025	30,000
Thereafter	67,500
Total	$ 420,638

Note 23 - Operating Leases - Lessor

In addition to the related party activities described in Note 16, PVM leases space to related entities under operating leases expiring in March 2028. The leases provide for monthly rent ranging from $1,000 to $22,418.

Minimum future rentals to be received on noncancelable leases as of December 31, 2020 for each of the next five years and in the aggregate are as follows:

Years Ending December 31	Amount
2021	$ 249,700
2022	248,454
2023	247,303
2024	252,249
2025	257,294
Thereafter	597,381
Total	$ 1,852,381

Note 24 - Fair Value Measurements

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

The following tables present information about the Obligated Group's assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019 and the valuation techniques used by the Obligated Group to determine those fair values.

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

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

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

Note 24 - Fair Value Measurements (Continued)

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

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Assets				
Investments in common stock:				
Consumer discretionary	$ 3,220,151	$ -	$ -	$ 3,220,151
Consumer staples	318,877	-	-	318,877
Energy	191,728	-	-	191,728
Environmental	36,561	-	-	36,561
Financial	1,622,649	-	-	1,622,649
Health care	1,031,322	-	-	1,031,322
Home building	28,001	-	-	28,001
Industrial	943,793	-	-	943,793
Information technology	3,493,163	-	-	3,493,163
Materials	195,029	-	-	195,029
Oil and gas drilling	83,394	-	-	83,394
Telecommunication services	90,963	-	-	90,963
Utilities	49,485	-	-	49,485
Corporate bonds	-	3,186,325	-	3,186,325
Investments in U.S. government and agency issues:				
Municipal obligations	-	1,427,572	-	1,427,572
U.S. government	-	2,548,179	-	2,548,179
U.S. agency issues	5,661,729	-	-	5,661,729
Fixed-income mutual funds	62,273	-	-	62,273
Equity mutual funds	255,662	-	-	255,662
Money market funds	2,692,853	-	-	2,692,853
Beneficial interest in assets held by third parties	-	-	283,020	283,020
Total assets	$ 19,977,633	$ 7,162,076	$ 283,020	$ 27,422,729
Liabilities				
Split-interest agreements	$ -	$ -	$ (53,770)	$ (53,770)
Interest rate swap	-	(235,259)	-	(235,259)
Total liabilities	$ -	$ (235,259)	$ (53,770)	$ (289,029)

Note 24 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Assets				
Investments in common stock:				
Consumer discretionary	$ 1,691,538	$ -	$ -	$ 1,691,538
Consumer staples	290,753	-	-	290,753
Energy	124,177	-	-	124,177
Financial	1,426,102	-	-	1,426,102
Health care	623,698	-	-	623,698
Industrial	740,791	-	-	740,791
Information technology	2,405,233	-	-	2,405,233
Materials	125,495	-	-	125,495
Telecommunication services	198,318	-	-	198,318
Utilities	115,883	-	-	115,883
Corporate bonds	-	2,743,426	-	2,743,426
Investments in U.S. government and agency issues:				
Municipal obligations	-	982,635	-	982,635
U.S. government	-	1,652,221	-	1,652,221
Fixed-income mutual funds	92,526	-	-	92,526
Money market funds	2,347,688	-	-	2,347,688
Beneficial interest in assets held by third parties	-	-	277,252	277,252
Total assets	$ 10,182,202	$ 5,378,282	$ 277,252	$ 15,837,736
Liabilities -				
Split-interest agreements	$ -	$ -	$ (11,432)	$ (11,432)

The Obligated Group's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during 2020 or 2019.

The fair value of corporate bonds, municipal obligations, and U.S. government at December 31, 2020 and 2019 was determined primarily based on Level 2 inputs. The Obligated Group estimates the fair value of these investments based on the present value of future cash flows, as estimated by the investment custodian at December 31, which takes into account the relative interest rates and maturity dates of these instruments and applies an appropriate discount rate, which is determined by reference to similar instrument activity. The fair value of the interest rate swap was determined primarily based on Level 2 inputs. The Level 2 inputs used in estimating the fair value of the swap agreement includes the notional amount, effective interest rate, and maturity date.

Note 24 - Fair Value Measurements (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2020 and 2019 are as follows:

	Beneficial Interest in Assets Held by Third Parties and Health Care Assets	Liability Under Split-interest Agreements
Balance at January 1, 2019	$ 282,603	$ (1,049)
Net change in value	(5,351)	(10,383)
Balance at December 31, 2019	277,252	(11,432)
Net change in value	5,768	(42,338)
Balance at December 31, 2020	$ 283,020	$ (53,770)

Beneficial interest in assets held by third parties categorized as Level 3 assets consists primarily of beneficial interest in outside trusts. The Obligated Group estimates the fair value of these assets based upon the fair value of the assets in the trust unless the facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions.

Of the Level 3 assets that were held as beneficial interest in assets held by third parties by the Obligated Group, the net change in value is recognized in the special purpose combined statement of changes in net assets.

Split-interest agreement liabilities characterized as Level 3 liabilities consist primarily of charitable gift annuity agreements. The Obligated Group estimates the fair value of these contributions based upon the present value of the expected future cash flows using management's best estimates of key assumptions, including life expectancies of annuitants, payment periods, and a discount rate commensurate with the current market and other risks involved.

Of the Level 3 liabilities that were held as split-interest agreement liabilities by the Obligated Group, the net change in the table included change in value of charitable gift annuities, which is recognized in the special purpose combined statement of changes in net assets.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets and liabilities presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 25 - Litigation

The Obligated Group's members are involved in litigation arising in the ordinary course of business. The ultimate outcome of this litigation is unknown at the present time, and, accordingly, no provision for any liability that might result has been made in the accompanying special purpose combined financial statements. In the opinion of management, any liability not covered by insurance resulting from such litigation would not be material in relationship to the Obligated Group's financial position.

Note 26 - COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals in the United States and worldwide. In response, the United States federal government and individual state and local governments have implemented measures to combat the outbreak that have impacted health care business operations. During fiscal year 2020, the Obligated Group's resident services operating revenue decreased by 20 percent from 2019 and was significantly impacted, as shelter-in-place orders and government mandates to suspend elective procedures reduced resident volumes. The Obligated Group has moved to mitigate the impact by securing governmental CARES Act funding and private donations, eliminating and delaying capital expenditures, providing appreciation pay, reducing executive compensation, and actively managing cash disbursements and forecasts.

Enacted on March 27, 2020, the CARES Act was established, which authorized $100 billion to be administered through grants and other mechanisms to hospitals, public entities, not-for-profit entities, and Medicare- and Medicaid-enrolled suppliers and institutional providers. The purpose of these funds is to reimburse providers for lost revenue attributable to the COVID-19 pandemic, such as forgone revenue from declines in census, and to provide support for related health care expenses, such as constructing temporary structures or emergency operation centers; retrofitting facilities; purchasing medical supplies and equipment, including personal protective equipment and testing supplies; and increasing workforce. Further, these relief funds ensure uninsured patients are receiving testing and treatment for COVID-19.

On April 10, 2020, the U.S. Department of Health and Human Services (HHS) began making payments to health care providers from the $100 billion appropriation. These are payments to health care providers that will not need to be repaid as long as the Obligated Group complies with certain terms and conditions outlined by HHS. The Obligated Group relied upon guidance issued by HHS through May 13, 2021. The terms and conditions first require the health care provider to identify health care-related expenses attributed to COVID-19 that no other source has reimbursed or is obligated to reimburse. If those expenses do not exceed the funding received, the health care provider then applies the funds to patient care lost revenue. HHS' January 15, 2021 notice, *Post-Payment Notice of Reporting Requirements*, provided health care providers three options to calculate patient care lost revenue. To determine the total distributions to be recognized as revenue as of December 31, 2020, the Obligated Group totaled unreimbursed related expenses attributed to COVID-19 and calculated patient care lost revenue based on the difference between 2020 and 2019 actual patient care revenue.

The Obligated Group received payments of $855,000 as part of general and targeted distributions of the CARES Act Provider Relief Fund. As of December 31, 2020, the Obligated Group has recognized $855,000 as other operating revenue on the special purpose combined statement of operations. The Obligated Group has asserted that it has met the conditions and restrictions outlined within HHS' published terms and conditions for the CARES Act as of December 31. 2020. The Obligated Group has an additional six months from January 1, 2021 to June 30, 2021 in which to use amounts remaining toward expenses attributable to COVID-19 but not reimbursed by other sources and/or lost patient care revenue. HHS is entitled to recoup Provider Relief Funds that are not used for the purposes disclosed above.

The CARES Act authorized $150 billion to be administered to state, local, and tribal governments to be used to cover the expenses that are necessary expenditures incurred due to COVID-19; were not accounted for in the most recently approved budget as of March 27, 2020; and were incurred during the period that began on March 1, 2020 and ends on December 31, 2021. Effective July 1, 2020, the state of Michigan approved the appropriation of these funds. The Obligated Group received payments of approximately $595,000 for reimbursement of the cost of COVID-19 testing kits; additional hazard pay premiums provided to front-line, direct care employees; and expenses incurred for the purchase of personal protective equipment. The Obligated Group has recognized the entire amount in other operating revenue on the special purpose combined statement of operations for the year ended December 31, 2020.

Note 26 - COVID-19 (Continued)

HHS' requirements for the uses of the CARES Act funds are subject to change and are open to interpretation and clarification; therefore, there may be changes in the amounts recognized as other operating revenue during the year ended December 31, 2020. Any changes in amounts recognized as a result of new guidance, interpretation, or clarification will be recognized in the period in which the change occurred.

The Obligated Group requested accelerated Medicare payments, as provided for in the CARES Act, which allows for eligible health care facilities to request up to 3 months of advance Medicare payments. The repayment terms of the accelerated Medicare payments begin one year after the first payment was issued, at which point these amounts will be repaid at 25 percent of the Medicare payments to the Obligated Group for 11 months. After 11 months, the recoupment will increase to 50 percent of the Medicare payments for 6 additional months (or until all amounts are repaid). Any unapplied accelerated payment amounts that are unpaid after this 17-month period are due to CMS, plus interest at a rate of 4 percent on the outstanding balance. As of December 31, 2020, the Obligated Group received $790,306 from these accelerated Medicare payment requests, which is reflected on the special purpose combined balance sheet as a liability.

On April 21, 2020, PVM borrowed from Huntington National Bank, through the CARES Act Small Business Administration (SBA) Paycheck Protection Program, a loan of $4,438,545. The loan has an interest rate of 1 percent annum. The loan is forgivable if the Obligated Group meets certain criteria, including incurring eligible costs, maintaining certain salary levels, and meeting SBA eligibility and necessity criteria. As of December 31, 2020, the Obligated Group has shown the full loan amount as a liability on the special purpose combined balance sheet based on repayment terms if full forgiveness is not received upon application. If the SBA determines some or all of the criteria were not met to have the loan forgiven, principal and interest payments of $248,543 will be payable in monthly installments starting 10 months after the Obligated Group's covered period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels. In addition, because the Obligated Group's loan exceeds $2 million, the SBA will review the Obligated Group's loan file, which will include review of the Obligated Group's eligibility for the program and the good-faith certification of the necessity of the loan.

The Obligated Group has not submitted a request for forgiveness as of the date of the financial statements were available to be issued; however, the Organization expects to submit a request for forgiveness for the entire loan balance in 2021. There can be no assurance that any portion of the PPP loan will be forgiven.

If the SBA determines the Obligated Group was not initially eligible under the program or concludes that the Obligated Group did not have an adequate basis for making the good-faith certification of necessity at the time of application, the loan could become payable on demand. Furthermore, the SBA has the ability to review the Obligated Group's loan file for a period subsequent to the date the loan is forgiven or repaid in full. The results of any review could result in the SBA requesting additional documentation to support the Obligated Group's initial eligibility for the loan, with the potential for the SBA to pursue legal remedies at its discretion.

At December 31, 2020, the outstanding balance on the PPP loan is $4,438,545, which is classified as current debt on the special purpose combined balance sheet.

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Directors and Trustees
Presbyterian Villages of Michigan Obligated Group

We have audited the special purpose combined financial statements of Presbyterian Villages of Michigan Obligated Group as of and for the years ended December 31, 2020 and 2019 and have issued our report thereon dated May 13, 2021, which contained an unmodified opinion on those special purpose combined financial statements. Our audits were performed for the purpose of forming an opinion on the special purpose combined financial statements as a whole. The combining information is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the special purpose combined 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 special purpose combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose combined financial statements or to the special purpose combined 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 special purpose combined financial statements as a whole.

Plante & Moran, PLLC

May 13, 2021

Special Purpose Combining Balance Sheet

December 31, 2020

	Presbyterian Villages of Michigan	Presbyterian Villages of Michigan Foundation	Presbyterian Village Redford	Presbyterian Village East	Presbyterian Village Westland	Presbyterian Village North	Presbyterian Villages EJNP Real Estate (Division of PVM)	Harbor Inn	Weinberg Green Houses	Eliminating Entries	Total
Assets											
Current Assets											
Cash	$ 4,034,229	$ 666,418	$ -	$ 500	$ 700	$ -	$ -	$ -	$ 158,411	$ -	$ 4,860,258
Resident accounts receivable - Net	-	-	-	769,454	51,385	-	-	-	131,816	-	952,655
Other receivables:											
Due from related organizations - Net	747,136	-	-	-	-	-	-	-	-	-	747,136
Pledges receivable - Net	-	736,246	-	-	-	-	-	-	-	-	736,246
Due from managed entities and other	927,656	-	-	34,868	-	-	-	-	-	(225,000)	737,524
Investments and assets limited as to use - Current portion	2,877	-	20,150	113,695	66,112	-	-	3,609	2,415	-	208,858
Prepaid expenses and other current assets	205,374	6,410	72	152,342	23,162	-	17,027	-	3,153	-	407,540
Total current assets	5,917,272	1,409,074	20,222	1,070,859	141,359	-	17,027	3,609	295,795	(225,000)	8,650,217
Land, Buildings, and Equipment - Net	66,859	-	-	18,283,705	2,964,892	48,682	5,905,801	7,333,627	8,437,126	(1,205,264)	41,835,428
Undeveloped Land	340,039	-	-	-	254,302	425,992	350,000	-	-	-	1,370,333
Investments and Assets Limited as to Use - Net of current portion	887,491	19,208,615	203,730	2,331,733	2,412,968	-	-	2,199,528	301,134	-	27,545,199
Other Assets											
Beneficial interest in assets held by third parties and other long-term assets	1,219,430	283,020	-	-	-	-	-	-	-	-	1,502,450
Pledges receivable - Net of current portion	-	3,190	-	-	-	-	-	-	-	-	3,190
Investment in and amounts due from related organizations - Other	11,554,244	-	-	249,999	-	-	-	-	-	(6,198,076)	5,606,167
Investment in related organizations - Programs of All-Inclusive Care for the Elderly	8,582,524	-	-	-	-	-	-	-	-	-	8,582,524
Debt issuance costs - Net	34,181	-	50,125	420,361	221,006	-	-	624,471	151,191	-	1,501,335
Total assets	**$ 28,602,040**	**$ 20,903,899**	**$ 274,077**	**$ 22,356,657**	**$ 5,994,527**	**$ 474,674**	**$ 6,272,828**	**$ 10,161,235**	**$ 9,185,246**	**$ (7,628,340)**	**$ 96,596,843**

Special Purpose Combining Balance Sheet (Continued)

December 31, 2020

	Presbyterian Villages of Michigan	Presbyterian Villages of Michigan Foundation	Presbyterian Village Redford	Presbyterian Village East	Presbyterian Village Westland	Presbyterian Village North	Presbyterian Villages EJNP Real Estate (Division of PVM)	Harbor Inn	Weinberg Green Houses	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)											
Current Liabilities											
Accounts payable	$ 652,064	$ 53,529	$ -	$ 680,714	$ 133,371	$ 5,112	$ 500	$ 1,693,136	$ 70,795	$ (225,000)	$ 3,064,221
Intercompany liabilities	-	-	-	-	-	-	-	-	472,240	(472,240)	-
Current portion of note payable and line of credit	500,000	-	-	90,561	-	-	-	250,000	-	(250,000)	590,561
Current portion of Medicare accelerated and advance payments	-	-	-	380,865	-	-	-	-	-	-	380,865
Current portion of bonds payable	8,199	-	57,433	329,894	212,185	-	-	43,310	28,979	-	680,000
Accrued payroll and related liabilities	451,377	16,018	-	323,326	112,279	-	1,815	-	25,145	-	929,960
Current portion of Paycheck Protection Program loan	4,438,545	-	-	-	-	-	-	-	-	-	4,438,545
Other current liabilities	8,265	53,770	18,364	124,005	138,135	-	7,577	41,544	46,534	(24,914)	413,280
Total current liabilities	6,058,450	123,317	75,797	1,929,365	595,970	5,112	9,892	2,027,990	643,693	(972,154)	10,497,432
Long-term Debt											
Notes payable and line of credit - Net of current portion	1,583,516	-	-	974,085	-	-	-	-	-	-	2,557,601
Bonds payable - Net of current portion	382,086	-	2,676,135	19,044,023	10,430,278	-	-	7,268,587	4,595,751	-	44,396,860
Medicare accelerated and advance payments - Net of current portion	-	-	-	409,441	-	-	-	-	-	-	409,441
Total long-term debt	1,965,602	-	2,676,135	20,427,549	10,430,278	-	-	7,268,587	4,595,751	-	47,363,902
Other Long-term Liabilities											
Deferred revenue (Notes 5 and 16)	-	-	-	58,878	-	-	1,433,595	-	-	-	1,492,473
Refundable advance fees	-	-	-	1,414,000	-	-	-	-	-	-	1,414,000
Provision for interest rate swap agreement	-	-	-	-	-	-	-	235,259	-	-	235,259
Total liabilities	8,024,052	123,317	2,751,932	23,829,792	11,026,248	5,112	1,443,487	9,531,836	5,239,444	(972,154)	61,003,066
Net Assets (Deficiency in Net Assets)											
Unrestricted	20,577,988	8,978,078	(2,477,855)	(1,473,135)	(5,031,721)	469,562	4,829,341	629,399	3,945,802	(6,656,186)	23,791,273
Temporarily restricted	-	6,127,200	-	-	-	-	-	-	-	-	6,127,200
Permanently restricted	-	5,675,304	-	-	-	-	-	-	-	-	5,675,304
Total net assets (deficiency in net assets)	20,577,988	20,780,582	(2,477,855)	(1,473,135)	(5,031,721)	469,562	4,829,341	629,399	3,945,802	(6,656,186)	35,593,777
Total liabilities and net assets (deficiency in net assets)	**$ 28,602,040**	**$ 20,903,899**	**$ 274,077**	**$ 22,356,657**	**$ 5,994,527**	**$ 474,674**	**$ 6,272,828**	**$ 10,161,235**	**$ 9,185,246**	**$ (7,628,340)**	**$ 96,596,843**

Special Purpose Combining Balance Sheet

December 31, 2019
(As Restated)

	Presbyterian Villages of Michigan	Presbyterian Villages of Michigan Foundation	Presbyterian Village Redford	Presbyterian Village East	Presbyterian Village Westland	Presbyterian Village North	Presbyterian Villages EJNP Real Estate (Division of PVM)	Harbor Inn	Weinberg Green Houses	Eliminating Entries	Total
Assets											
Current Assets											
Cash	$ 737,772	$ 610,225	$ -	$ 500	$ 700	$ 250	$ -	$ -	$ 21,478	$ -	$ 1,370,925
Resident accounts receivable - Net	-	-	-	1,279,320	95,243	-	-	-	135,208	-	1,509,771
Other receivables:											
Due from related organizations - Net	480,756	-	-	-	-	-	-	-	-	-	480,756
Pledges receivable - Net	-	352,186	-	-	-	-	-	-	-	-	352,186
Due from managed entities and other	587,646	3,972	-	-	-	-	111	-	-	(62,500)	529,229
Investments and assets limited as to use - Current portion	2,436	-	17,063	94,365	55,181	-	-	-	-	-	169,045
Due from related organizations - Intercompany receivables	-	762,500	-	-	-	-	-	-	-	(762,500)	-
Prepaid expenses and other current assets	235,733	6,410	536	127,397	59,448	-	12,003	-	(2,232)	-	439,295
Total current assets	2,044,343	1,735,293	17,599	1,501,582	210,572	250	12,114	-	154,454	(825,000)	4,851,207
Land, Buildings, and Equipment - Net	98,190	-	-	19,100,144	3,335,889	35,509	6,127,937	2,145,936	8,665,375	(740,344)	38,768,636
Investments and Assets Limited as to Use - Net of current portion	884,616	13,404,075	206,371	1,154,234	667,404	-	-	-	-	-	16,316,700
Undeveloped Land	341,540	-	-	-	254,302	425,992	350,000	-	-	-	1,371,834
Other Assets											
Beneficial interest in assets held by third parties and other long-term assets	1,100,681	277,252	-	-	-	-	-	-	-	-	1,377,933
Pledges receivable - Net of current portion	-	725,471	-	-	-	-	-	-	-	-	725,471
Investment in and amounts due from related organizations - Other	11,701,487	-	-	250,000	-	116,085	-	-	-	(6,227,459)	5,840,113
Investment in related organizations - Programs of All-Inclusive Care for the Elderly	6,175,873	-	-	-	-	-	-	-	-	-	6,175,873
Debt issuance costs - Net	27,624	-	53,345	376,808	172,538	-	-	-	197,037	-	827,352
Total assets	**$ 22,374,354**	**$ 16,142,091**	**$ 277,315**	**$ 22,382,768**	**$ 4,640,705**	**$ 577,836**	**$ 6,490,051**	**$ 2,145,936**	**$ 9,016,866**	**$ (7,792,803)**	**$ 76,255,119**

Special Purpose Combining Balance Sheet (Continued)

December 31, 2019
(As Restated)

	Presbyterian Villages of Michigan	Presbyterian Villages of Michigan Foundation	Presbyterian Village Redford	Presbyterian Village East	Presbyterian Village Westland	Presbyterian Village North	Presbyterian Villages EJNP Real Estate (Division of PVM)	Harbor Inn	Weinberg Green Houses	Eliminating Entries	Total
Liabilities and Net Assets (Deficiency in Net Assets)											
Current Liabilities											
Accounts payable	$ 792,298	$ 83,502	$ -	$ 710,622	$ 11,500	$ -	$ 1,121	$ 625,903	$ 13,726	$ (62,500)	$ 2,176,172
Intercompany liabilities	762,500	-	-	-	-	-	-	-	522,240	(1,284,740)	-
Current portion of note payable and line of credit	17,906	-	-	133,550	-	-	-	250,000	105,210	(250,000)	256,666
Current portion of bonds payable	7,840	-	54,914	304,633	177,613	-	-	-	-	-	545,000
Accrued payroll and related liabilities	366,097	13,880	-	293,657	68,038	1,258	2,660	-	20,708	-	766,298
Other current liabilities	14,813	11,432	18,690	218,667	123,076	-	-	-	32,239	(10,113)	408,804
Total current liabilities	1,961,454	108,814	73,604	1,661,129	380,227	1,258	3,781	875,903	694,123	(1,607,353)	4,152,940
Long-term Debt											
Notes payable and line of credit - Net of current portion	1,612,548	-	-	3,798,325	-	-	-	-	4,162,284	-	9,573,157
Bonds payable - Net of current portion	389,842	-	2,730,455	15,139,225	8,831,254	-	-	-	-	-	27,090,776
Total long-term debt	2,002,390	-	2,730,455	18,937,550	8,831,254	-	-	-	4,162,284	-	36,663,933
Other Long-term Liabilities											
Deferred revenue (Notes 5 and 16)	-	-	-	72,944	-	-	1,662,747	-	-	-	1,735,691
Refundable advance fees	-	-	-	1,414,000	-	-	-	-	-	-	1,414,000
Total liabilities	3,963,844	108,814	2,804,059	22,085,623	9,211,481	1,258	1,666,528	875,903	4,856,407	(1,607,353)	43,966,564
Net Assets (Deficiency in Net Assets)											
Unrestricted	18,410,510	7,143,265	(2,526,744)	297,145	(4,570,776)	576,578	4,823,523	1,270,033	4,160,459	(6,185,450)	23,398,543
Temporarily restricted	-	3,248,137	-	-	-	-	-	-	-	-	3,248,137
Permanently restricted	-	5,641,875	-	-	-	-	-	-	-	-	5,641,875
Total net assets (deficiency in net assets)	18,410,510	16,033,277	(2,526,744)	297,145	(4,570,776)	576,578	4,823,523	1,270,033	4,160,459	(6,185,450)	32,288,555
Total liabilities and net assets (deficiency in net assets)	**$ 22,374,354**	**$ 16,142,091**	**$ 277,315**	**$ 22,382,768**	**$ 4,640,705**	**$ 577,836**	**$ 6,490,051**	**$ 2,145,936**	**$ 9,016,866**	**$ (7,792,803)**	**$ 76,255,119**

Special Purpose Combining Statement of Operations

Year Ended December 31, 2020

	Presbyterian Villages of Michigan	Presbyterian Villages of Michigan Foundation	Presbyterian Village Redford	Presbyterian Village East	Presbyterian Village Westland	Presbyterian Village North	Presbyterian Villages EJNP Real Estate (Division of PVM)	Harbor Inn	Weinberg Green Houses	Eliminating Entries	Total
Operating Revenue											
Net resident service revenue	$ -	$ -	$ -	$ 14,805,106	$ 4,963,792	$ -	$ -	$ -	$ 1,545,677	$ -	$ 21,314,575
Management fees	3,741,024	-	-	-	-	-	8,496	-	-	(1,621,892)	2,127,628
Development fees	563,975	-	-	-	-	-	-	-	-	(466,609)	97,366
Technology fees	1,170,016	-	-	-	-	-	-	-	-	(188,921)	981,095
Interest and dividends - Net	113,094	130,673	357,941	5,957	3,475	-	-	-	8	(42,263)	568,885
Contributions, gifts, and donations	29,802	740,804	204,000	323,771	29,751	20,025	-	-	56,590	(528,616)	876,127
Loss on sale of land, building, and equipment	-	-	-	(5,715)	-	-	-	-	-	-	(5,715)
Other	50,280	350,257	-	281,407	68,814	143,035	535,171	-	-	(18,162)	1,410,802
Net assets released from restrictions	-	873,116	-	1,389,237	36,000	-	-	-	25,274	-	2,323,627
Total operating revenue	5,668,191	2,094,850	561,941	16,799,763	5,101,832	163,060	543,667	-	1,627,549	(2,866,463)	29,694,390
Operating Expenses											
Employee compensation	3,842,044	339,757	-	9,174,350	2,721,067	9,786	62,721	-	813,438	-	16,963,163
Grants	-	1,328,741	-	-	-	-	-	-	-	(528,616)	800,125
Insurance	36,676	-	688	313,134	137,928	-	15,423	-	26,684	-	530,533
Other operating expenses	2,081,263	451,485	359,218	6,760,821	2,097,902	35,259	127,877	6,837	362,097	(1,828,975)	10,453,784
Total operating expenses before interest and depreciation	5,959,983	2,119,983	359,906	16,248,305	4,956,897	45,045	206,021	6,837	1,202,219	(2,357,591)	28,747,605
(Loss) Income from Operations - Before interest and depreciation expense	(291,792)	(25,133)	202,035	551,458	144,935	118,015	337,646	(6,837)	425,330	(508,872)	946,785
Interest Expense	72,149	-	155,545	965,296	507,787	-	-	921	231,244	(16,100)	1,916,842
Depreciation	36,512	-	-	1,322,734	478,093	6,851	222,136	2,337	434,912	(27,852)	2,475,723
(Loss) Income from Operations	(400,453)	(25,133)	46,490	(1,736,572)	(840,945)	111,164	115,510	(10,095)	(240,826)	(464,920)	(3,445,780)
Investment and Other Income (Loss)											
Net realized gain on investments	-	1,084,360	-	-	-	-	-	-	-	-	1,084,360
Net unrealized gain on investments	106,981	803,618	-	-	-	-	-	-	-	-	910,599
Change in value of split-interest agreements	-	(53,116)	-	-	-	-	-	-	-	-	(53,116)
Change in value of equity method investment in related organizations - Other	112,783	-	-	-	-	-	-	-	-	(115,508)	(2,725)
Change in value of equity method investment in related organizations - Programs of All-Inclusive Care for the Elderly	2,406,651	-	-	-	-	-	-	-	-	-	2,406,651
Change in value of swap agreement	-	-	-	-	-	-	-	(235,259)	-	-	(235,259)
Total investment and other income (loss)	2,626,415	1,834,862	-	-	-	-	-	(235,259)	-	(115,508)	4,110,510
Excess of Revenue Over (Under) Expenses	2,225,962	1,809,729	46,490	(1,736,572)	(840,945)	111,164	115,510	(245,354)	(240,826)	(580,428)	664,730
Equity Transfer (to) from Affiliates	(399,389)	25,084	2,399	(33,708)	380,000	(218,180)	(109,692)	59,603	21,883	-	(272,000)
Increase (Decrease) in Unrestricted Net Assets	**$ 1,826,573**	**$ 1,834,813**	**$ 48,889**	**$ (1,770,280)**	**$ (460,945)**	**$ (107,016)**	**$ 5,818**	**$ (185,751)**	**$ (218,943)**	**$ (580,428)**	**$ 392,730**

Special Purpose Combining Statement of Operations

Year Ended December 31, 2019 (As Restated)

	Presbyterian Villages of Michigan	Presbyterian Villages of Michigan Foundation	Presbyterian Village Redford	Presbyterian Village East	Presbyterian Village Westland	Presbyterian Village North	Presbyterian Villages EJNP Real Estate (Division of PVM)	Harbor Inn	Weinberg Green Houses	Eliminating Entries	Total
Operating Revenue											
Net resident service revenue	$ -	$ -	$ -	$ 19,183,347	$ 5,873,807	$ -	$ -	$ -	$ 1,502,444	$ -	$ 26,559,598
Management fees	3,792,105	-	-	-	-	-	8,496	-	-	(1,543,558)	2,257,043
Development fees	221,337	-	-	-	-	-	-	-	-	-	221,337
Technology fees	967,860	-	-	-	-	-	-	-	-	(173,037)	794,823
Interest and dividends - Net	105,525	108,353	362,440	30,896	18,023	-	-	-	-	(22,192)	603,045
Contributions, gifts, and donations	743,510	457,452	203,198	329,237	29,279	-	-	-	269,388	(1,574,612)	457,452
(Loss) gain on sale of land, building, and equipment	-	-	-	(440)	-	-	-	-	-	-	(440)
Other	48,881	164,982	-	266,778	81,754	155,687	591,300	-	-	(19,726)	1,289,656
Net assets released from restrictions	-	479,823	-	-	-	-	-	-	-	-	479,823
Total operating revenue	5,879,218	1,210,610	565,638	19,809,818	6,002,863	155,687	599,796	-	1,771,832	(3,333,125)	32,662,337
Operating Expenses											
Employee compensation	4,505,427	385,588	-	9,981,064	2,252,751	33,019	59,325	-	839,371	-	18,056,545
Grants	-	2,056,373	-	-	-	-	-	-	-	(1,574,612)	481,761
Insurance	37,328	-	554	269,771	117,986	-	11,821	-	21,945	-	459,405
Other operating expenses	2,288,555	439,153	360,328	7,569,621	2,089,523	40,146	151,639	-	331,099	(1,736,321)	11,533,743
Total operating expenses before interest and depreciation	6,831,310	2,881,114	360,882	17,820,456	4,460,260	73,165	222,785	-	1,192,415	(3,310,933)	30,531,454
(Loss) Income from Operations - Before interest and depreciation expense	(952,092)	(1,670,504)	204,756	1,989,362	1,542,603	82,522	377,011	-	579,417	(22,192)	2,130,883
Interest Expense	100,856	-	154,882	1,043,475	500,942	-	-	-	239,109	(22,192)	2,017,072
Depreciation	34,254	-	3,274	1,303,991	491,318	6,182	222,136	-	250,362	(27,852)	2,283,665
(Loss) Income from Operations	(1,087,202)	(1,670,504)	46,600	(358,104)	550,343	76,340	154,875	-	89,946	27,852	(2,169,854)
Investment and Other Income (Loss)											
Net realized gain on investments	-	1,513,306	-	-	-	-	-	-	-	-	1,513,306
Net unrealized gain on investments	84,705	350,566	-	-	-	-	-	-	-	-	435,271
Change in value of split-interest agreements	-	(20,375)	-	-	-	-	-	-	-	-	(20,375)
Change in value of equity method investment in related organizations - Other	(14,090)	-	-	-	-	-	-	-	-	(154,876)	(168,966)
Change in value of equity method investment in related organizations - Programs of All-Inclusive Care for the Elderly	405,561	-	-	-	-	-	-	-	-	-	405,561
Total investment and other income	476,176	1,843,497	-	-	-	-	-	-	-	(154,876)	2,164,797
Excess of Revenue (Under) Over Expenses	(611,026)	172,993	46,600	(358,104)	550,343	76,340	154,875	-	89,946	(127,024)	(5,057)
Net Assets Released from Restrictions for Capital Purposes	-	964,495	-	-	-	-	-	-	-	-	964,495
Equity Transfer from (to) Affiliates	278,889	1,221	(2,654)	(570,368)	(798,734)	(117,780)	(146,501)	454,883	(4,286)	-	(905,330)
(Decrease) Increase in Unrestricted Net Assets	**$ (332,137)**	**$ 1,138,709**	**$ 43,946**	**$ (928,472)**	**$ (248,391)**	**$ (41,440)**	**$ 8,374**	**$ 454,883**	**$ 85,660**	**$ (127,024)**	**$ 54,108**