Hebrew SeniorLife, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information

Years Ended September 30, 2020 and 2019

DIXON HUGHES GOODMAN LLP

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Independent Auditors' Report

Board of Trustees
of Hebrew SeniorLife, Inc. and Affiliates

We have audited the accompanying consolidated financial statements of Hebrew SeniorLife, Inc. and Affiliates ("HSL") which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations, changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 2020 or 2019 financial statements of HRCA Senior Housing, Inc. ("Fireman Community"), HRCA Housing for Elderly, Inc. ("Satter House"), and two of the four component corporations comprising Center Communities of Brookline ("CCB"), which statements reflect total assets constituting 9 and 11 percent at September 30, 2020 and 2019, respectively, and total revenue constituting 8 percent for the years ended September 30, 2020 and 2019 of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included in the consolidated financial statements for Fireman Community, Satter House, and certain CCB corporations is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

DIXON HUGHES GOODMAN LLP

Opinion
In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hebrew SeniorLife, Inc. and Affiliates as of September 30, 2020 and 2019, and the results of their operations, changes in net assets (deficit), and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – New Accounting Pronouncements
As discussed in Note 2 of the consolidated financial statements, during the year ended September 30, 2020, HSL adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 230): Restricted* Cash, which changed the method of classification and presentation of restricted cash in the statement of cash flows. As a result of adopting this new standard, HSL restated amounts previously reported for the year ended September 30, 2019. HSL also adopted FASB ASU 2016-01*, Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities,* which changed the method of accounting for investments in equity securities. Our opinion is not modified with respect to these matters.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information presented in the supplemental schedules is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets (deficit), and cash flows of the individual organizations, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, insofar as it relates to Fireman Community, Satter House, and two of the four component corporations comprising CCB is based on the reports of other auditors, the supplemental schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dixon Hughes Goodman LLP

Greenville, South Carolina
January 26, 2021

Hebrew SeniorLife, Inc. and Affiliates
Consolidated Balance Sheets
September 30, 2020 and 2019
(In Thousands)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 22,522**	$ 27,568
Accounts receivable, net	**19,089**	21,743
Investments:		
Unrestricted	**115,845**	108,519
Board designated - unrestricted for operations	**14,984**	14,834
Funds held in trust, current portion	**783**	842
Total investments	**131,612**	124,195
Contributions receivable, net	**2,413**	1,518
Grants receivable	**1,567**	1,356
Entrance fee receivable and deposits held in escrow	**3,320**	1,982
Prepaid expenses and other assets	**7,125**	4,754
Total current assets	**187,648**	183,116
Assets limited as to use:		
By Board designation	**18,361**	15,886
Held in trust – debt indentures and other, less current portion	**33,247**	24,027
Restricted as to use	**13,283**	12,617
Endowment funds	**18,193**	17,433
Restricted contributions receivable	**14,089**	12,734
Total assets limited as to use	**97,173**	82,697
Property, plant, and equipment, net	**329,327**	344,380
Contributions receivable, less current portion	**1,861**	1,914
Other assets	**5,340**	5,520
Total assets	**$ 621,349**	$ 617,627

See accompanying notes.

Hebrew SeniorLife, Inc. and Affiliates
Consolidated Balance Sheets
September 30, 2020 and 2019
(In Thousands) **(Continued)**

	2020	2019
LIABILITIES AND NET DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	**$ 36,474**	$ 34,341
Accrued interest expense	**784**	940
Deferred revenue	**2,954**	3,174
Funds held on behalf of present and future residents	**1,613**	1,816
Due to third-party payors	**1,192**	1,230
Current portion of long-term debt	**6,238**	5,690
Provider relief funds liability	**6,006**	-
Total current liabilities	**55,261**	47,191
Long-term debt, net	**379,547**	364,185
Deferred revenue from nonrefundable entrance fees, net of amortization	**24,463**	24,052
Refundable entrance fees	**299,678**	304,321
Pension obligation	**-**	19,733
Other liabilities	**2,434**	2,293
Total liabilities	**761,383**	761,775
Net assets (deficit):		
Without donor restrictions	**(195,200)**	(193,539)
With donor restrictions	**55,166**	49,391
Total net deficit	**(140,034)**	(144,148)
Total liabilities and net deficit	**$ 621,349**	$ 617,627

See accompanying notes.

Hebrew SeniorLife, Inc. and Affiliates
Consolidated Statements of Operations
Years Ended September 30, 2020 and 2019
(In Thousands)

	2020	2019
Operating revenues:		
Net patient service revenue	**$ 138,260**	$ 145,289
Earned entrance and monthly service fees	**52,352**	52,703
Rental income	**25,036**	18,984
Grants and contracts, including recovery of indirect costs	**15,919**	11,965
Net assets released from restrictions used for operations	**1,423**	2,428
Investment income	**2,525**	2,471
COVID-19 stimulus funding	**11,331**	-
Other operating revenues	**6,455**	5,554
	253,301	239,394
Operating expenses:		
Salaries and wages	**133,964**	129,092
Employee benefits	**28,152**	27,932
Supplies and direct expenses	**43,998**	43,392
Direct expenditures on grants and contracts	**13,679**	10,158
Depreciation and amortization	**28,566**	27,645
Interest expense	**15,823**	16,016
	264,182	254,235
Operating loss	**(10,881)**	(14,841)
Nonoperating gains (losses):		
Net realized gains on investments	**1,757**	2,934
Net unrealized gains on investments	**6,533**	-
Contributions and bequests	**3,006**	5,090
Fundraising expenses	**(4,277)**	(4,111)
Other nonoperating activities	**(27,600)**	(1,185)
	(20,581)	2,728
Deficiency of revenues over expenses	**(31,462)**	(12,113)
Net assets released from restrictions used for property and equipment	**1,872**	1,258
Change in net unrealized losses on investments	**-**	(670)
Change in pension obligation	**27,929**	(3,230)
Change in net deficit without donor restrictions	**$ (1,661)**	$ (14,755)

See accompanying notes.

Hebrew SeniorLife, Inc. and Affiliates
Consolidated Statements of Changes in Net Assets (Deficit)
Years Ended September 30, 2020 and 2019
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (deficit) at September 30, 2018	$ (178,784)	$ 43,804	$ (134,980)
Deficiency of revenues over expenses	(12,113)	-	(12,113)
Restricted contributions	-	10,455	10,455
Restricted investment income	-	509	509
Net realized gains on investments	-	1,130	1,130
Change in net unrealized losses on investments	(670)	(763)	(1,433)
Net assets released from restrictions used for operations	-	(2,428)	(2,428)
Net assets released from restrictions used for property and equipment	1,258	(1,258)	-
Change in pension obligation	(3,230)	-	(3,230)
Other activity	-	(2,058)	(2,058)
Change in net assets (deficit)	(14,755)	5,587	(9,168)
Net assets (deficit) at September 30, 2019	$ (193,539)	$ 49,391	$ (144,148)
Deficiency of revenues over expenses	(31,462)	-	(31,462)
Restricted contributions	-	9,577	9,577
Restricted investment income	-	542	542
Net realized gains on investments	-	449	449
Change in net unrealized gains on investments	-	903	903
Net assets released from restrictions used for operations	-	(1,423)	(1,423)
Net assets released from restrictions used for property and equipment	1,872	(1,872)	-
Change in pension obligation	27,929	-	27,929
Other activity	-	(2,401)	(2,401)
Change in net assets (deficit)	(1,661)	5,775	4,114
Net assets (deficit) at September 30, 2020	**$ (195,200)**	**$ 55,166**	**$ (140,034)**

See accompanying notes.

Hebrew SeniorLife, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019
(In Thousands)

	2020	2019 (As Adjusted)
Cash flows from operating activities:		
Change in net assets (deficit)	**$ 4,114**	$ (9,168)
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:		
Depreciation and amortization	**28,566**	27,645
Gain on involuntary conversion	**-**	(313)
Amortization of bond premium	**(48)**	(45)
Amortization of debt issuance costs	**168**	170
Net realized and unrealized gains on investments	**(9,642)**	(2,631)
Restricted contributions and investment income	**(10,046)**	(10,964)
Earned entrance fees	**(4,973)**	(4,746)
Non-refundable entrance fees received	**5,592**	5,587
Changes in operating assets and liabilities:		
Accounts and grants receivable	**2,464**	(48)
Contributions receivable	**(2,197)**	(7,166)
Entrance fees receivable	**656**	-
Other assets and liabilities	**(2,189)**	(141)
Accounts payable and accrued expenses	**1,086**	7,545
Advances on research grants	**(220)**	1,914
Pension obligation	**(19,733)**	3,379
Due to third-party payors	**(38)**	(469)
Provider relief funds liability	**6,006**	-
Net cash provided by (used in) operating activities	**(434)**	10,549
Cash flows from investing activities:		
Additions to property, plant, and equipment	**(12,354)**	(21,913)
Sales of investments, trustee and designated funds	**156,206**	42,586
Purchases of investments, trustee and designated funds	**(157,878)**	(49,360)
Other investing activities	**8**	(171)
Net cash used in investing activities	**(14,018)**	(28,858)

See accompanying notes.

(In Thousands) (Continued)

	2020	2019 (As Adjusted)
Cash flows from financing activities:		
Payments on long-term debt	**$ (20,271)**	$ (11,524)
Proceeds from long-term debt	**36,060**	3,000
Refundable entrance fees and deposits received	**5,981**	11,074
Refund of entrance fees	**(13,330)**	(10,554)
Restricted contributions and investment income	**10,046**	10,964
Other financing activities	**(18)**	377
Net cash provided by financing activities	**18,468**	3,337
Increase (decrease) in cash, cash equivalents and restricted cash	**4,016**	(14,972)
Cash, cash equivalents, and restricted cash at beginning of year	**53,841**	68,813
Cash, cash equivalents, and restricted cash at end of year	**$ 57,857**	$ 53,841
Non-cash activities:		
Purchase of property and equipment in accounts payable and accrued liabilities at year-end	**$ 1,751**	$ 5,616
Refund of entrance fee in accounts payable at year-end	**$ 3,736**	$ 3,345
Refunding of Series 2007 Bonds with Series 2019 Bonds	**$ -**	$ 22,831

Reconciliation of amounts included in the consolidated statements of cash flows as cash, cash equivalents, and restricted cash to the consolidated balance sheets:

	2020	2019 (As Adjusted)
Cash and cash equivalents	**$ 22,522**	$ 27,568
Entrance fee deposits held in escrow	**825**	998
Funds held by trustees under bond agreements, less current	**33,247**	24,027
Restricted fund assets	**272**	199
Other assets	**208**	207
Funds held in trust, current	**783**	842
Cash, cash equivalents and restricted cash, end of year	**$ 57,857**	$ 53,841

See accompanying notes.

Notes to Consolidated Financial Statements

1. Organization and Mission

The accompanying consolidated financial statements include the accounts of Hebrew SeniorLife, Inc. ("HSL Parent") and its controlled Affiliates (collectively, "HSL"). In November 2005, HSL completed a corporate reorganization in which HSL Parent commenced operations and became the parent corporation and sole member of Hebrew Rehabilitation Center ("HRC") and each of the other affiliates described below.

HRC is a not-for-profit, nonsectarian corporation established in 1903, with 725 licensed beds providing inpatient long-term care, medical acute care and recuperative services, as well as outpatient services. HRC provides a wide spectrum of care including comprehensive medical care, ancillary health services, and an integrated therapies program delivered by a staff of Harvard-affiliated physicians and nursing staff. HRC is committed to providing seniors with the highest quality of life through care, research, and training. Some of the directors of HRC are also directors of HSL Parent.

HRCA Housing for Elderly, Inc., d/b/a Jack Satter House ("Satter House"), and HRCA Senior Housing, Inc., d/b/a Simon C. Fireman Community ("Fireman Community"), were incorporated in 1973 and 1982, respectively, as not-for-profit organizations to construct and manage 426 housing units for the elderly. Satter House and Fireman Community were financed under Section 202 of the Federal Housing Act. Some of the directors of Satter House and Fireman Community are also directors of HSL Parent. In January 2020, a new entity, HSL Fireman Operating Limited Partnership, was formed to acquire, finance, improve and operate the Fireman Community real property located at 640 North Main Street, Randolph MA. Effective July 17, 2020, Fireman Community assigned the rights, duties, and obligations of the Project to HSL Fireman Operating Limited Partnership. Accordingly, at that time, they transferred their property, in accordance with the Purchase and Sale Agreement, and the new entity assumed operations of the facility.

Orchard Cove, Inc. ("Orchard Cove") is a not-for-profit corporation in operation since 1993 that owns, maintains, and operates a nonsectarian continuing care retirement community. The mission is to provide conditions that foster independence, health, and security for persons age 62 and older. Orchard Cove consists of 227 independent living units, 28 assisted living suites, and 45 skilled nursing beds. Orchard Cove was formed at the initiative of the Board of Trustees and management of HRC. HRC operates an outpatient satellite clinic at Orchard Cove. Some of the directors of Orchard Cove are also directors of HSL Parent.

Center Communities of Brookline ("CCB") is an enterprise that, in 2002, acquired, rehabilitated, and commenced to operate rental properties in Brookline, Massachusetts, to provide housing and other services to the independent elderly. Some of the directors of the CCB entities are also directors of HSL Parent. Collectively, these entities are referred to as the CCB entities within the accompanying consolidated financial statements:

> Center Communities of Brookline Inc., d/b/a The Marilyn and Andre Danesh Family Residences ("Danesh Residences") operates 214 housing units.
>
> HRCA Brookline Housing 112 –120 Centre Court, Inc., d/b/a Julian and Carol Feinberg Cohen Residences ("Cohen Residences") operates 124 housing units.
>
> HRCA Brookline Housing 1550 Beacon Plaza, Inc., d/b/a Mark and Diane Goldman Family Residences ("Goldman Residences") operates 179 housing units. HRC operates an outpatient satellite clinic at CCB.
>
> On December 20, 2017, HRCA Brookline Housing 112 –120 Centre Court, Inc., the owner of Cohen Residences, sold the Tower portion of its property, containing 98 apartment units, to CCB Cohen 112 Centre LLC (a Massachusetts limited liability company that is owned 99.99% by an unrelated party and 0.01% by an entity majority-controlled by HSL). While HSL remains the property manager of this property

and its affiliate is the managing member of CCB Cohen 112 Centre LLC, the accompanying consolidated financial statements do not reflect the activity of CCB Cohen 112 Centre LLC because HSL does not have control or hold economic interest as defined by the Accounting Standards Codification glossary.

Cohen Residences has also committed to lease the remainder of its property to CCB Townhomes 120 Centre LLC (a Massachusetts limited liability company, in which HSL Parent is the sole member), for a term of 75 years for a rent of $1.00 per annum. CCB Townhomes 120 Centre LLC, operates rental property consisting of twenty town houses and six units which are subsidized by a Section 8 contract with the U.S. Department of Housing and Urban Development.

CCB Cohen 112 Centre MM LLC (a Massachusetts limited liability company, majority owned by HSL) is the managing member (.01% ownership interest) of CCB Cohen 112 Centre LLC.

HRCA Brookline Housing 108 Centre Street, Inc. (“108 Centre”) was incorporated and the property was acquired in 2003. The property, which is contiguous to Danesh Residences, will be developed to provide housing, support, and services to CCB. Some of the directors of 108 Centre are also directors of HSL Parent.

NewBridge on the Charles, Inc. (“NewBridge”) is a not-for-profit corporation formed on April 15, 2004 to acquire land and develop, own, and operate a senior supportive housing community known as NewBridge on the Charles. The mission of NewBridge is to provide services that foster independence, health, and security for seniors so that they may realize their full potential. Some of the directors of NewBridge are also directors of HSL Parent.

During April 2005, NewBridge purchased land in the town of Dedham, Massachusetts, as the site for NewBridge. In December 2007, NewBridge issued $457,075,000 of tax-exempt bonds to pay for project construction and other project-related costs. The first independent living and assisted living residents moved in during June 2009 and development and construction of NewBridge was substantially completed by October 2009.

HRC has transferred 220 of its licensed beds to the NewBridge facility and operates the NewBridge HealthCare Center as a satellite of HRC under a lease agreement with NewBridge. NewBridge facilities consist of 256 independent living units, 91 assisted living suites, and a 268-bed health care center that includes 48 skilled nursing beds.

Hebrew SeniorLife Hospice Care, Inc. (“Hospice”) was formed in 2014 to provide professional care to terminally ill patients and their families by helping them attain the highest quality of life possible.

Hebrew SeniorLife ReAge Solutions, Inc. (“HSL ReAge”) is a for profit subsidiary of HSL Parent incorporated in 2016 to redefine the experience of aging. HSL Parent is the sole shareholder and all of the directors of HSL ReAge are also directors of HSL Parent. In 2017, HSL ReAge entered in a joint venture agreement with Hebrew Ventures International (HVI), in which HSL ReAge owns 35%. In January 2020, the joint venture was terminated.

HSL Guarantor LLC (a Massachusetts limited liability company, in which HSL Parent is the sole member) was formed in October 2017. On December 20, 2017, HSL Guarantor LLC (“The Guarantor”) entered into a guaranty agreement with CCB Cohen 112 Centre LLC (“The Company”) and CREA Cohen Residences LLC (“The Investor”). The agreement guarantees due, prompt and complete performance of all payments and obligations under the agreement. Guarantor was obligated to hold a demand note of $14,633,117 from HSL. This, at the discretion of the Guarantor was reduced to $4,000,000 upon payment of the fourth installment of equity from the Investor upon completion of the construction project of CCB Cohen 112 Centre LLC which was substantially completed by November 2019. In addition, the Guarantor is required to have $1,000,000 minimum cash liquidity in aggregate along with a net worth of $5,000,000 during the term of the agreement. Such evidence of compliance with liquidity terms is to be provided upon request to the Investor not more than once annually.

Hebrew SeniorLife Affiliated Medical Group, Inc., (a Massachusetts corporation, affiliated with HSL through common Board of Director membership) was created to provide physician services through an accountable care organization.

Intercompany balances and transactions are eliminated in consolidation. The assets of any member of the consolidated group may not be available to meet the obligations of other members of the group.

2. Summary of Significant Accounting Policies

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less when purchased, excluding assets limited as to use. HSL places its cash with high credit quality financial institutions. Cash balances in each bank are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, amounts on deposit may be in excess of the insured limit. It is management's opinion that HSL is not exposed to any significant credit risk related to cash.

Accounts receivable

HSL estimates an allowance for uncollectible patient accounts. Generally, no finance charges are assessed on receivables. Once an account has been determined to be uncollectible, it is charged-off.

Investments

Investments in equity securities with readily determinable fair values, and all investments in debt securities, are measured at fair value in the consolidated balance sheets. Investment income or loss for the year ended September 30, 2020 (including realized and unrealized gains on investments, increases or decreases of funds' fair value recognized under the equity method, interest, and dividends) is included in the deficiency of revenues over expenses unless the income or loss is restricted by donor or law due to the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities* as noted in a subsequent paragraph. Investment income or loss for the year ended September 30, 2019 (including realized gains on investments, increases or decreases of funds' fair value recognized under the equity method, other-than-temporary impairment of investments, interest and dividends) is included in the deficiency of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized losses on investments for the year ended September 30, 2019 are excluded from the deficiency of revenues over expenses. HSL reviews investments where the market value is below cost, and in cases where the decline is considered other than temporary, an adjustment is recorded to recognize a realized loss for the year ended September 30, 2019.

Investments also include private equity funds, limited partnerships, limited liability companies, and other funds ("the Funds"). When the underlying investments in the Funds do not have readily determinable fair values, HSL records its investment based on the cost method where its ownership interest is 3% or less of the Fund, and the equity method for any investments where its ownership interest is greater than 3% of the Fund. Under the equity method, HSL recognizes its share of the increase or decrease in the Funds' fair value.

Because the Funds may hold some securities without readily determinable fair values, the fund manager may estimate fair value for such securities. These estimates may differ significantly from the values that would have been used had a readily available market value existed and may also differ significantly from the values at which such investments may be sold and the differences could be material.

Alternative investments held by the defined benefit pension plan are held at fair value as estimated in an unquoted market.

Donated securities are recorded at fair value at the date of the contribution. Realized gains or losses on the sale of securities are calculated on an average-cost basis.

Assets limited as to use

Assets limited as to use include assets set aside by the Board, assets held by trustees under long-term debt indentures and other arrangements and assets restricted by donors.

The Board of Orchard Cove has designated certain funds to be held in reserve to support the entity's commitment to provide high-quality healthcare services, fund capital expenditures, and provide for other contingencies.

Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and include assets costing greater than $1,000 at the time of purchase. Depreciation is provided by use of the straight-line method over the estimated useful lives of these assets based on the following estimated useful lives:

Land improvements	5–50 years
Buildings and improvements	5–40 years
Equipment	3–20 years

Unamortized bond issuance costs

Unamortized bond issuance costs and original issue bond premium and discount are being amortized over the term of the bonds using the effective interest rate method and are netted against long-term debt in the consolidated balance sheets.

Contributions receivable

Unconditional contributions, receivable in regular installments, are recorded at net present value as unrestricted contributions in the consolidated balance sheets or direct additions to net assets with donor restrictions, if restricted by the donor or time, net of any allowances for uncollectible pledges.

Professional liability insurance

HSL insures its professional liability risks on a claims-made basis. Management is unaware of any matters that would cause the final expense for professional liability risks to vary materially from the amount provided.

Entrance fees from independent living residents

Deferred revenue from entrance fees relate to amounts received from independent living residents at Orchard Cove and NewBridge.

Entrance fees are paid by occupants of the independent living units. A portion of the entrance fee is recorded as deferred revenue from non-refundable entrance fees, and the remainder is recorded as refundable entrance fees. The non-refundable amount is calculated at a rate of 1% of the entrance fee per month of occupancy, up to a maximum percentage in accordance with the terms of the residency and care agreement. The non-refundable amount is amortized to revenue over the estimated remaining actuarial life expectancy of each resident, with the life expectancy reevaluated annually.

The refundable balance for Orchard Cove is refunded if and when the unit is reoccupied. However, the repayment of refundable entrance fees pursuant to the NewBridge residency and care agreements is not contingent upon the receipt of reoccupancy proceeds.

Refundable entrance fees include amounts payable to residents who have transferred permanently from their independent living unit into an assistance in living unit or skilled nursing bed and whose units have subsequently been reoccupied.

Entrance fees are typically due at the time a resident takes occupancy of an independent living unit. However, in certain circumstances, NewBridge and Orchard Cove allow for a deferral of payment, with interest at varying rates, to those residents who have a signed purchase and sale agreement on their home so that the resident may complete the sale of their home and use the proceeds from the sale to fund the entrance fee.

Entrance fees held in escrow and other deposits

Entrance fees held in escrow and other deposits consist primarily of deposits received from prospective residents who have entered into a residency and care agreement. Entrance fees received prior to occupancy are accounted for as refundable deposits in accordance with the terms of the residency and care agreement. These deposit amounts are held in escrow and interest is paid after occupancy. The deposits are deducted from the entrance fee payable upon occupancy of the unit.

Obligation to provide future services

Orchard Cove and NewBridge periodically calculate the present value of the net estimated cost of future services and use of facilities to be provided to current residents, which is compared to the balance of deferred entrance fee revenue. If the present value of the net estimated cost of future services and use of facilities exceeds the deferred entrance fee revenue, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income. At September 30, 2020 and 2019, there was no liability for obligation to provide future services and use of facilities. The present value of the net cost of future services and use of facilities was discounted at 4% in 2020 and 2019 for NewBridge and 5% in 2020 and 2019 for Orchard Cove.

Self-insurance reserves

HRC was self-insured with aggregate and individual stop-losses for workers' compensation for claims incurred prior to May 1, 2011. On May 1, 2011, HRC became fully insured for claims incurred on or after May 1, 2011. Costs prior to May 1, 2011, are accounted for on an accrual basis, which requires estimates to be made for future payments on claims incurred.

On April 1, 2019, HSL became self-insured for medical claims incurred on or after April 1, 2019. Costs after April 1, 2019, are accounted for on an accrual basis, which requires estimates to be made for future payments on claims incurred.

Net assets with donor restrictions

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resources was restricted has been fulfilled, or both.

Monthly service fee revenue

Monthly service fee revenue represents fees paid by residents of independent living units and assisted living suites.

Other operating revenues and nonoperating gains (losses)

Other operating revenues include cafeteria and laundry revenue, recovery of fringe benefits and ancillary services revenue. Unrestricted contributions, other investment income and gains, the effect of any non-hedged interest rate swap agreement, and activities incidental to HSL's operations are recorded as nonoperating gains (losses).

Deficiency of revenues over expenses

The consolidated statements of operations include the deficiency of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions, which are excluded from deficiency of revenues over expenses, include unrealized gains and losses on investments prior to October 1, 2019, contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring assets), and changes in the pension obligation.

Income tax status

The Internal Revenue Service has ruled that HRC, Satter House, Fireman Community, Orchard Cove, the CCB entities, 108 Centre, NewBridge, Hospice and HSL Parent are exempt from federal income taxation on related income under Section 501(c)(3) of the Internal Revenue Code ("the Code") of 1986, as amended.

HRC has approximately $205,000 of net operating income from unrelated business activities resulting in a potential deferred tax liability of approximately $100,000 which is offset by net operating loss carry forward.

HSL's for-profit subsidiaries account for uncertainty in income taxes in accordance with Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. This standard does not have a material effect on the consolidated financial statements for 2020 and 2019 because the tax benefits of the net operating loss carryforwards have been fully reserved.

Subsequent events

HSL evaluated the impact of subsequent events through January 26, 2021, which is the date the consolidated financial statements were issued.

New accounting standards

<u>Restricted Cash</u>

During fiscal year 2020, HSL adopted FASB ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statements of cash flows. This guidance is intended to improve the classification and presentation of changes in restricted cash on the consolidated statements of cash flows and will provide more consistent application of GAAP by reducing diversity in practice. The ASU also requires an entity to disclose information about the nature of restricted cash. The consolidated statement of cash flows for the year ended September 30, 2019 has been adjusted to reflect retrospective application of the new accounting guidance.

Previously, HSL reflected changes in deposits held in escrow in operating activities, and changes in funds held under bond agreement and other investing activities in investing activities. HSL has retrospectively removed these items from their respective sections in the consolidated statement of cash flows, resulting in an decrease in cash provided by operating activities from $10,878,000 to $10,549,000 and an increase in cash used by investing activities from $24,841,000 to $28,858,000. In addition, total ending cash presented on the consolidated statement of cash flows as of September 30, 2019 increased from $27,568,000 (exclusive of restricted cash and restricted cash equivalents) to $53,841,000 (inclusive of restricted cash and restricted cash equivalents).

Financial Instruments

Effective October 1, 2019, HSL adopted FASB ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The primary impact of adopting ASU No. 2016-01 is the requirement to measure certain classes of investments at fair value with changes in fair value to be recognized in the performance indicator. It also eliminates the requirement to disclosure the fair value of financial instruments measured at amortized cost. HSL has adopted the guidance in ASU 2016-01 as reflected in the 2020 consolidated financial statement information and disclosures. As a result of the adoption of ASU 2016-01, net unrealized gains (losses) on investments that were previously excluded from the deficiency of revenues over expenses in the accompanying consolidated statements of operations are now included within the deficiency of revenues over expenses for the year ended September 30, 2020. Such net unrealized gains on investments reflected in nonoperating income (loss) for the year ended September 30, 2020 were $6,533,000. Prior to October 1, 2019, the net unrealized losses on investments of $670,000 for the year ended September 30, 2019, have been presented consistent with the previous standards as a component of changes in net assets (deficit) without donor restrictions and excluded from the deficiency of revenues over expenses.

Upcoming accounting standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which was amended in June 2020 by ASU 2020-05*, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The amendments in ASU 2016-02 revised the accounting related to lessee accounting. Under the new guidance, HSL will be required to recognize a lease liability and a right-of-use asset for all long-term leases. ASU 2020-05 extended the effective date for HSL to October 1, 2020, and should be applied through the modified retrospective transition approach for leases existing at, or entered into, after that date. The primary impact of adoption is a gross-up of right of use assets and lease liability for operating leases. HSL is currently evaluating the impact on its consolidated financial statements upon the adoption of this new standard.

3. Revenue Recognition

Patient care service revenue is reported at the amount that reflects the consideration to which HSL expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, HSL bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by HSL. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. HSL believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in HRC receiving inpatient services or patients receiving services in HSL's outpatient centers or in their homes (home care). HSL measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and HSL does not believe it is required to provide additional goods or services related to that sale.

HSL determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with HSL's policy, and/or implicit price concessions provided to uninsured patients. HSL determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy(ies), and historical experience. HSL determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

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

- **Medicare:** Medicare reimburses HRC, NewBridge, and Orchard Cove for routine and ancillary services to patients eligible for Medicare benefits on a prospectively determined basis through its SNF ("Skilled Nursing Facility"), LTCH PPS ("Long-Term Care Hospital Prospective Payment System"), and OPPS ("Outpatient Prospective Payment System") payment methodologies, while physician services are paid on a fee-for-service basis.

- **Medicaid:** HRC has agreements with the Commonwealth of Massachusetts under the Medicaid program. HRC has had a long-standing agreement with the Commonwealth of Massachusetts such that HRC provides care to Medicaid patients based upon fixed, prospectively determined rates. The contract in effect during fiscal year 2020 was negotiated during 2012 and extended through September 30, 2019 by amendments 1-6. Amendment 6 provides a two-year extension covering fiscal year 2018 and fiscal 2019, and an increase of 8.1% over the two years. Included in the rate increase was a net gain due to a new non-acute hospital assessment and quality program that began in 2018. HRC achieved a net quality payment of $814,119 from the program due to its high quality of care. Amendment 9 to HRC's contract with MassHealth has been fully executed extending the contract through September 30, 2021.

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

The composition of patient care service revenue by primary payor for the years ended September 30 is as follows:

	2020	2019
Medicare	**$ 32,672**	$ 36,166
Medicaid	**71,517**	74,493
Managed care	**4,621**	6,087
Commercial insurers	**3,770**	3,432
Self-Pay	**25,680**	25,111
	$138,260	$145,289

Revenue from patient's deductibles and coinsurance are included in the categories presented above based on the primary payor.

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 HSL'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 HSL. In addition, the contracts HSL 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 considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and HSL's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. 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. Adjustments arising from a change in the transaction price, were not significant in 2020 or 2019.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. HSL also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. HSL estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2020 and 2019. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with HSL's mission, care is provided to patients regardless of their ability to pay. Patients who meet HSL's Financial Assistance policy are provided care without charge or at amounts less than established rates. Discounts for free or discounted care were not considered material for the years ended September 30, 2020 and 2019.

For the years ended September 30, 2020 and 2019, HSL recognized revenue of $7,392,000 and $10,389,000, respectively from goods and services that transfer to the customer over time and $130,868,000 and $134,900,000 respectively from goods and services that transfer to the customer at a point in time.

Financing component:

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

Stand ready obligation:

For Orchard Cove and NewBridge, the promised good or service in the resident agreement is that the entity is standing ready each month to provide a service such that the resident can continue to live in the facility and access the appropriate level of care based on his or her needs. As such, the entity recognizes the nonrefundable entrance fee in an equal amount allocated to each month, given the nature of the entity's performance is that of having the various residential, social or health care services available to the resident on a when-and-if needed basis each month for as long as the resident resides in the facility.

Upon adoption of ASC Topic 606, entities should evaluate costs associated with acquiring resident contracts to determine if they meet the requirements for capitalization under FASB ASC 340-40-25. Under FASB ASC 340-40-25-2, the incremental costs of obtaining a contract are those that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. Orchard Cove and NewBridge have not capitalized any costs associated with acquiring a resident contract.

Monthly service fees:

The contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominate component and does not contain a lease component under ASC Topic 840. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance fees:

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

<u>CARES Act Provider Relief Funds</u>

These relief funds are considered non-exchange transactions subject to terms and conditions specified by the resource provider distributed by the Health Resources Service Administration section of the U.S. Department of Health and Human Services ("HHS"). These conditions create a restriction that such funds must be used to prevent, prepare or respond to the coronavirus ("COVID-19"), creating purpose restrictions in addition to conditions. This conditional grant revenue is recognized as COVID-19 stimulus funding in the consolidated statements of operations to the extent conditions/restrictions for entitlement are met for coronavirus related expenses or lost revenues. HSL reports conditional contributions for which the conditions and related restrictions are met in the same reporting period as net assets without donor restrictions. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

4. Investments

Investments as of September 30 are reported in the consolidated balance sheets as follows (in thousands):

	2020	2019
Current assets:		
Investments – unrestricted	$ 115,845	$ 108,519
Investments – board designated for operations	14,984	14,834
Current portion of funds held in trust	783	842
	131,612	124,195
Assets limited as to use:		
By Board designation at Orchard Cove:		
Plant renewal and refurbishment fund	12,853	11,120
Health care security fund	4,590	3,972
Contingency fund	918	794
	18,361	15,886
Held in trust – debt indentures and other, less current portion	33,247	24,027
Restricted as to use	13,283	12,617
Endowment funds	18,193	17,433
	64,723	54,077
	$ 214,696	$ 194,158

Investment income and gains from investments consist of the following (in thousands) for the years ended September 30:

	2020	2019
Without donor restrictions:		
Operating revenue:		
Investment income	$ 2,525	$ 2,471
Nonoperating gains (losses):		
Net realized gains on investments	$ 1,757	$ 2,934
Net unrealized gains on investments	6,533	-
	$ 8,290	$ 2,934
Change in net unrealized losses on investments	-	(670)
	$ 10,815	$ 4,735
With donor restrictions:		
Dividends and interest	$ 542	$ 509
Net realized gains on investments	449	1,130
Change in net unrealized gains (losses) on investments	903	(763)
	$ 1,894	$ 876

At September 30, 2019, HSL had gross unrealized losses of approximately $2,605,000 on securities with a carrying value of approximately $35,943,000. During the year ended September 30, 2019, HSL did not recognize any other-than-temporary impairment losses.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term.

5. Fair Value of Financial Instruments

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1*:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2*:* Observable inputs that are based on inputs not quoted in active markets but corroborated by market data.

Level 3*:* Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, HSL utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value.

The methods described above may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while HSL believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

HSL invests in certain investments for which quoted prices are not available in active markets for identical instruments. HSL utilizes the net asset value ("NAV") provided by the administrator of the fund as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported NAV. These investments are not required to be classified within a level on the fair value hierarchy.

Financial instruments carried at fair value are classified in the tables below in one of the three categories described above (in thousands) as of September 30:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Cash and cash equivalents	**$ 77,713**	**$ 20**	**$ -**	**$ 77,733**
Fixed income securities funds:				
U.S. Government	**30,711**	**129**	**-**	**30,840**
Domestic	**-**	**400**	**-**	**400**
Foreign	**177**	**-**	**-**	**177**
Equity securities and funds:				
Domestic large cap	**11,544**	**1,156**	**-**	**12,700**
Domestic small/mid cap	**7,454**	**383**	**-**	**7,837**
Foreign	**16,295**	**290**	**-**	**16,585**
Emerging markets	**-**	**389**	**-**	**389**
	$ 143,894	**$ 2,767**	**$ -**	**$ 146,661**
Investments at NAV (a)				**$ 57,453**
Total investments at fair value				**$ 204,114**

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Cash and cash equivalents	$ 67,468	$ 20	$ -	$ 67,488
Fixed income securities funds:				
U.S. Government	31,039	111	-	31,150
Domestic	-	376	-	376
Foreign	177	-	-	177
Equity securities and funds:				
Domestic large cap	9,372	1,028	-	10,400
Domestic small/mid cap	6,262	338	-	6,600
Foreign	8,405	258	-	8,663
Emerging markets	-	369	-	369
	$ 122,723	$ 2,500	$ -	$ 125,223
Investments at NAV (a)				$ 57,383
Total investments at fair value				$ 182,606

(a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

Fair value for Level 1 assets is based upon quoted market prices. Fair value for Level 2 assets is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques, for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. Fair value for Level 2 liabilities is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields and credit spreads. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while HSL believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The amounts reported in the table above exclude limited partnership interests that HSL has recorded pursuant to the cost or equity method, which were approximately $10,582,000 and $11,552,000 as of September 30, 2020 and 2019, respectively.

There were no transfers between Levels 1 and 2 during the years ended September 30, 2020 and 2019.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of September 30, 2020 and 2019:

	Fair Value at September 30, 2020	Fair Value at September 30, 2019	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Pinnacle equity fund	**$ 6,439,000**	$ 5,334,000	None	Monthly	30 Days
WTC-CTF diversified	**$ -**	$ 5,315,000	None	Monthly	30 Days
SSGA Russell 1000 Growth	**$ 9,472,000**	$ 8,036,000	None	None	15 Days
SSGA Russell 1000 Value	**$ 8,019,000**	$ 8,319,000	None	None	None
SSGA Real Asset NL Ctf	$ **12,801,000**	$ 7,832,000	None	None	None
Sanderson Intl Value Fund	**$ 4,211,000**	$ 4,587,000	None	None	15 Days
Riverside Cap APP Fd	**$ 414,000**	$ 107,000	None	Weekly	None
Polunin Capital Prtns Ltd	**$ 2,499,000**	$ 1,792,000	None	Monthly	30 Days
Newbury Equity Prtns IV LP	$ **1,396,000**	$ 1,005,000	None	None	None
Varde Investments Prtns Offshore	**$ 2,937,000**	$ -	None	Monthly	None
Global Institutional Securities	**$ 2,373,000**	$ 2,291,000	None	Monthly	None
Absolute return bond fund	**$ 2,476,000**	$ 2,190,000	None	Weekly	None
Global absolute return	**$ 4,416,000**	$ 4,472,000	None	Monthly	None
International concentrated	**$ -**	$ 6,103,000	None	Monthly	None

6. Contributions

Contributions recorded during the years ended September 30 were as follows (in thousands):

	2020	2019
Contributions and bequests without donor restrictions	$ 3,006	$ 5,090
Contributions and bequests with donor restrictions	9,577	10,455
	$ 12,583	$ 15,545

Contributions receivable, net of allowance, as of September 30 were as follows (in thousands):

	2020	2019
Contributions receivable:		
Amounts due in less than one year	$ 7,447	$ 6,498
Amounts due in one to five years	6,530	4,713
Amounts due in more than five years	5,778	6,530
	19,755	17,741
Discount to present value (approximately 3%)	(1,392)	(1,575)
Contributions receivable, net of discount	$ 18,363	$ 16,166

7. Property, Plant, and Equipment

Property, plant, and equipment are composed of the following as of September 30 (in thousands):

	2020	2019
Land	$ 26,482	$ 26,482
Land improvements	51,728	51,285
Buildings	459,190	447,124
Equipment	171,873	168,125
Equipment under capital lease	1,394	946
	710,667	693,962
Less allowances for depreciation	(385,963)	(357,526)
	324,703	336,436
Construction-in-progress	4,623	7,944
Total property, plant, and equipment	$ 329,327	$ 344,380

Depreciation expense for the years ended September 30, 2020 and 2019 was $28,566,000 and $27,645,000 respectively.

HSL entered into a contract for approximately $2,459,000 for Electronic Health Record optimization and consolidation. As of September 30, 2020, HSL had paid approximately $25,000. The project is planned to be completed in November 2023.

8. Long-Term Debt

Long-term debt consists of the following as of September 30 (in thousands):

	2020	2019
Hebrew Rehabilitation Center:		
MDFA Revenue Bonds, Series A	**$ 2,813**	$ 3,856
Amounts due under capital lease	**394**	52
	3,207	3,908
Orchard Cove:		
MDFA Revenue Bonds, Series 2020	**19,950**	19,950
Plus unamortized original issue premium	**989**	1,037
	20,939	20,987
CCB:		
Mortgage loans payable	**57,020**	57,874
Notes payable – secured by property	**3,936**	3,937
	60,956	61,811
NewBridge:		
MDFA Revenue Refunding Bonds	**229,365**	231,915
Plus unamortized original issue premium	**11,860**	11,876
	241,225	243,791
Other:		
Fireman Community mortgage loan payable	**28,083**	7,575
Satter House mortgage loan payable	**36,162**	36,794
Hospice promissory note payable	**-**	100
	64,245	44,469
	390,572	374,966
Less unamortized debt issuance costs	**(4,787)**	(5,091)
Total long-term debt, net	**385,785**	369,875
Less portion classified as current	**(6,238)**	(5,690)
Long-term debt, net	**$ 379,547**	$ 364,185

Hebrew Rehabilitation Center

HRC and HSL refunded a previous bond issue from the proceeds of $9,974,000 Series 2013A Massachusetts Development Finance Agency ("MDFA") fixed rate tax-exempt revenue bonds (Series A) due April 2023, with the first principal payment due in May 2013 and a fixed rate of 2.40%.

In April 2014, HRC and HSL entered into a revolving line of credit note with Century Bank to fund working capital needs. HRC and HSL may borrow up to a combined total of $10,000,000 under this agreement. The note carries an interest rate, at the borrowers' discretion, of two-week to three-month LIBOR plus 1.25% per annum or the Prime rate. The note is subject to a floor of no less than 2.0% and matures in December 2022.

Orchard Cove

In May 2007, Orchard Cove refinanced its Massachusetts Industrial Finance Agency ("MIFA") Series 1996A and 1996B bonds with $35,875,000 of tax-exempt revenue bonds (2007 Revenue Bonds) issued through the MDFA. Proceeds from the 2007 Revenue Bonds were used to refund the MIFA Series 1996A and 1996B bonds, establish a Debt Service Reserve Fund, fund issuance costs related to the 2007 Revenue Bonds, and finance a portion of the costs of constructing, equipping and furnishing additional skilled nursing space, and additional assistance in living units, as well as renovate a portion of the health care center.

During February 2019, Orchard Cove issued $19,950,000 of tax-exempt MDFA Revenue Refunding Bonds with a bond premium of $1,070,815 and an overall effective interest rate of 4.55%. Annual principal and interest payments are approximately $39,200,000 over the 30-year term of the bonds.

The bond maturities and interest rates are:

Year of Maturity	Principal Amount	Interest Rate	Yield
2021	345,000	2.50%	2.55%
2022	350,000	3.00%	2.65%
2023	360,000	3.00%	2.75%
2024	375,000	3.00%	2.80%
2029	2,080,000	4.00%	3.25%
2039	2,885,000	4.00%	4.10%
2039	2,860,000	5.00%	3.95%
2049	10,360,000	5.00%	4.10%

The proceeds from the sale of the Series 2019 bonds were used to finance and refinance the following:

- The $22,830,848 outstanding amount of the MDFA's First Mortgage Revenue Bonds, Orchard Cove, Series 2007.
- Fund a $1,246,400 debt service reserve fund for the Series 2019 Bonds.
- Finance $525,000 for costs of issuance in connection with the Series 2019 Bonds.

Amounts on deposit in the Debt Service Reserve Fund shall be held in trust and, except as otherwise provided, will be applied by the Trustee on behalf of the Agency solely to the payment of the principal (including sinking fund installments) of and interest on the Bonds.

The 2019 Revenue Bonds are redeemable at the option of Orchard Cove at various intervals prior to maturity, beginning in 2024, at redemption amounts ranging from 104% to 100%.

Center Communities of Brookline

CCB received acquisition financing of $14,588,224 in assumed mortgage notes and rehabilitation financing of $24,000,000 in mortgage notes through Massachusetts Housing Finance Agency d/b/a MassHousing ("MHFA") at the time of acquisition during 2002.

On December 23, 2016, CCB refinanced its long-term debt with Rockport Mortgage Corporation and the U.S. Department of Housing and Urban Development ("HUD") at a rate of 3.45%, in the amount of $26,543,300, payable in equal monthly installments of principal and interest for 35 years. The HUD Section 223(f) mortgage is secured by substantially all property. As part of the refinancing, CCB is required to make annual deposits of $61,250 to a reserve for replacement. Withdrawals from the reserve for replacements are subject to approval by HUD. CCB is required to fund certain operating escrow accounts and a repair escrow as part of the mortgage agreement.

CCB also received financing in the form of sellers' notes in the total amount of $3,500,000. These notes accrue interest at the rate of 6% per annum payable quarterly beginning February 1, 2005. Interest accrued through October 1, 2004, is payable, along with all principal, on the maturity date of April 2017. With the proceeds received from the refinancing of its long-term debt, CCB paid in full the total outstanding balance, including interest, of the seller's notes in January 2017.

In December 2017, CCB closed a loan with the Massachusetts Housing Partnership Fund Board ("MHP") and HUD to refinance its existing long-term debt and obtain additional financing for a construction project. The final loan amount is $32,310,000 at a rate of 3.635%, payable in equal monthly installments of principal and interest for 40 years. The mortgage is secured by substantially all property. As part of the refinancing, CCB is required to make monthly deposits to a reserve for replacement, totaling $73,850 in year one. Withdrawals from the reserve for replacements are subject to approval. CCB is also required to fund certain operating escrow accounts as part of the agreement.

In connection with the execution of the loan agreement with MHP and HUD, CCB is required to maintain certain financial covenants: Debt Coverage Ratio, as defined in the agreement of at least 1.10, tested annually, and a Loan to Value Ratio, as defined in the agreement, of less than 90%, tested from time to time as determined by the lender. In addition, HSL has provided a limited guarantee to indemnify the lender in the case of any loss, damage or cost resulting from specific actions by CCB as defined in the limited guaranty agreement.

NewBridge on the Charles

During December 2017, NewBridge issued $236,290,000 of tax-exempt MDFA Revenue Refunding Bonds with a Bond Premium of $11,823,721 and an overall effective interest rate of 4.45%. Annual principal and interest payments will be approximately $13,400,000 over the 40-year term of the bonds.

The tax-exempt bonds are secured by a collateral interest in the NewBridge property and equipment.

The bond maturities and interest rates are:

Year of Maturity	Principal Amount	Interest Rate	Yield
2021	$ 2,630,000	3.000%	2.600%
2022	$ 2,705,000	3.500%	2.750%
2023	$ 2,800,000	3.500%	2.950%
2024	$ 2,900,000	4.000%	3.100%
2025	$ 3,015,000	4.000%	3.250%
2026	$ 3,135,000	4.000%	3.350%
2027	$ 3,260,000	4.000%	3.450%
2032	$ 18,380,000	4.000%	4.050%
2037	$ 22,810,000	5.000%	4.000%
2042	$ 28,600,000	4.125%	4.300%
2047	$ 35,630,000	5.000%	4.050%
2057	$ 103,500,000	5.000%	4.125%

Amounts on deposit in the Debt Service Reserve Fund are available to pay principal (including sinking fund installments) and interest on the Series 2017 Bonds, and to meet deficiencies in the Rebate Fund, if any.

The Series 2017 Bonds are redeemable prior to maturity beginning on October 1, 2022 at 100% of their principal amount, plus accrued interest to the redemption date, plus a redemption premium equal to the following:

Redemption Date	**Redemption Premium** ***(as a percent of principal redeemed)***
October 1, 2022 – September 30, 2023	5.00%
October 1, 2023 – September 30, 2024	4.00%
October 1, 2024 – September 30, 2025	3.00%
October 1, 2025 – September 30, 2026	2.00%
October 1, 2026 – September 30, 2027	1.00%
October 1, 2027 and thereafter	0.00%

The Bond Debt Service Coverage Ratio requirement is 1.20 for the fiscal year ended September 30, 2019 and each fiscal year thereafter. The liquidity covenant requirement is not less than 125 Days Cash on Hand at the end of each fiscal year commencing September 30, 2018. The tax-exempt bonds are secured by a collateral interest in the NewBridge property and equipment.

Other mortgage loans

Other mortgage loans include amounts payable to HUD and MHFA. The Satter House HUD mortgage was refinanced in August 2017 for approximately $38,000,000 with a fixed interest rate of 3.25% and is due in 2052. The Fireman Community mortgage bears interest at 5.72%. These mortgage loans are secured by substantially all property and rental income of the respective entities.

On July 17, 2020 the Fireman Community refinanced its long-term debt with MHFA, secured by substantially all property and rental income. Monthly installments of $99,135 for principal and interest are due until 2055 with interest at 2.59% and loan amount of $27,360,000. Additional monthly remittances include $4,000 to fund the reserve for replacement. The Fireman Community used the proceeds to pay off the existing loan and to make major capital improvements to the project.

During 2015, Hospice entered into an agreement with Jewish Family and Children's Service, Inc. ("JFCS") to acquire substantially all of the assets and approximately 120 staff of JFCS's home health care and private duty home care business. Hospice did not dispose of any of the JFCS's major assets, and there were no terminations as part of the acquisition. Subject to the terms and conditions outlined in the agreement, Hospice agreed to pay JFCS $575,000 over a five-year period through November 2020. The note bears no interest.

Other information

The amount of aggregated annual principal and mandatory sinking fund payment requirements for the next five years and thereafter, are as follows (in thousands and including unamortized original issue premium and debt issuance costs):

2021	$ 6,238
2022	7,107
2023	6,636
2024	6,165
2025	8,042
Thereafter	351,597
	$ 385,785

Interest paid by HSL was approximately $15,801,000 in 2020 and $15,846,000 in 2019.

The terms of the various debt agreements contain restrictive financial and operating covenants. During the year ended September 30, 2020, Orchard Cove did not maintain certain financial covenants, but the violation did not trigger any further considerations.

The terms of the various debt indenture and other agreements require the establishment of certain reserve funds, which are held by trustees. These funds are principally invested in cash and government securities; the fair value of these and other trustee funds at September 30 is as follows (in thousands):

	2020	2019
Debt service reserve fund	**$ 16,190**	$ 16,410
Reserve for replacements and residual receipts	**5,733**	5,663
Construction fund	**1,003**	1,002
Mortgage escrows	**782**	843
Special and other escrows	**9,759**	395
Workers' compensation collateral	**563**	556
	34,030	24,869
Less current portion	**(783)**	(842)
	$ 33,247	$ 24,027

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are invested in perpetuity, the income from which is generally expendable to support the delivery of health care services and geriatric research.

HSL's endowments consist of numerous individual funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

HSL requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. HSL classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure.

HSL considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of HSL and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments and (6) the investment policies of HSL. Unless otherwise restricted by donor stipulation, HSL appropriates for use in operations annually an amount equal to 4% of the 12-quarter moving average of the individual fund balances as of the quarter ending March 31 prior to the commencement of the fiscal year. Such appropriations are then spent in accordance with the donors' stipulated uses. In establishing this policy, HSL considered the long-term expected return on its endowments.

Endowment asset composition by type of fund as of September 30, 2020, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	**$ -**	**$ 24,806**	**$ 24,806**
Board-designated funds	**14,984**	**-**	**14,984**
	$ 14,984	**$ 24,806**	**$ 39,790**

Endowment asset composition by type of fund as of September 30, 2019, consisted of the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 23,760	$ 23,760
Board-designated funds	14,834	-	14,834
	$ 14,834	$ 23,760	$ 38,594

For the years ended September 30, 2020 and 2019, HSL had the following endowment-related activities (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments at September 30, 2018	$ 15,120	$ 25,050	$ 40,170
Investment income	637	1,074	1,711
Net depreciation	(363)	(591)	(954)
Total investment return	274	483	757
Gifts received	-	146	146
Net asset reclassifications	-	(1,020)	(1,020)
Amounts appropriated for expenditure	(560)	(899)	(1,459)
Total change	(286)	(1,290)	(1,576)
Endowment investments at September 30, 2019	$ 14,834	$ 23,760	$ 38,594
Investment return:			
Investment income	304	510	814
Net appreciation	427	723	1,150
Total investment return	731	1,233	1,964
Gifts received	-	239	239
Net asset reclassifications	-	521	521
Amounts appropriated for expenditure	(581)	(947)	(1,528)
Total change	150	1,046	1,196
Endowment investments at September 30, 2020	$ 14,984	$ 24,806	$ 39,790

HSL investment and spending policies for endowment assets is 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 assets of donor-restricted funds that HSL must hold in perpetuity or for a donor-specified term. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is expected to generate a 7.25% total return annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, HSL 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). HSL targets a diversified asset allocation that consists of equities, fixed income, and alternative investments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires HSL to retain as a fund of perpetual duration. Deficiencies of this nature are not significant to the consolidated financial statements for the years ended September 30, 2020 and 2019.

These deficiencies resulted from unfavorable market fluctuations. Management expects the individual donor-restricted endowment funds with deficiencies will retain future income and appreciation to restore the required fair value of the assets.

10. Agreements with Third-Party Payors

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors is disclosed in Note 3.

Revenue from the Medicaid and Medicare programs together accounted for 76% and 77% of HRC's net patient service revenue in the years ended September 30, 2020 and September 30, 2019, respectively. The Medicare program represented approximately 82% and 78% of the net patient service revenue at NewBridge for the years ended September 30, 2020 and 2019, respectively. At Orchard Cove, revenue from the Medicare program represents approximately 22% and 16% of health care revenue for the years ended September 30, 2020 and 2019. Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a significant amount in the near term.

11. Pension Plan

HSL has a defined benefit pension plan (the Plan) that covers substantially all employees of HRC who were full-time employees prior to 2003. On May 31, 2003, HSL froze the Plan, and benefits based on future years of service stopped accruing as of that date. Benefits under the Plan are based on years of service and the employee's compensation during the last five years of employment prior to 2003. HSL continues to fund the Plan to at least meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The plan was amended effective December 31, 2019 to begin the process of terminating the plan.

Pension costs will be fully eliminated due to pension plan termination during the first half of the 2020 fiscal year. There was pension settlement lump sum activity in December 2019 and an annuity contract purchase in January 2020.

In December 2019, lump sums of approximately $32,700,000 were paid out of plan assets to a portion of plan participants in lieu of future plan benefits.

On January 8, 2020, HSL agreed to purchase an annuity contract from an insurance company for all remaining plan participants for approximately $43,000,000. HSL made an additional contribution of $18,400,000 on January 13, 2020 to the plan to fully fund the annuity purchase. Funds from the plan were transferred to the insurance company on January 15, 2020. Effective March 1, 2020, the insurance company is responsible for all payments to remaining plan participants; therefore, HSL has no responsibility for future plan benefits.

The lump sums and annuity purchase resulted in a settlement charge of approximately $26,100,000 in the second quarter of the 2020 fiscal year. Such amounts were previously recorded in the statements of changes in net assets. As a result of these transactions, the settlement charges are included in the performance indicator for fiscal year 2020 but the recognition of this settlement charge did not impact net assets in fiscal year 2020.

HSL used the remaining overfunded cash surplus balances toward remaining plan expenses resulting from the completion of the pension plan termination process.

The following table outlines the significant changes in benefit obligations, plan assets, pension liability, and prepaid benefits of the Plan (in thousands) as of September 30:

	2020	2019
Change in projected benefit obligation		
Benefit obligation at beginning of year	**$ 79,001**	$ 73,386
Interest cost	**2,496**	2,936
Actuarial (loss) gain	**(3,995)**	7,498
Benefits paid and settlements	**(77,502)**	(4,819)
Benefit obligations at end of year	**-**	79,001
Change in plan assets		
Fair value of plan assets at beginning of year	**59,268**	57,032
Return on plan assets, net	**(650)**	5,675
Employer contribution	**18,884**	1,380
Benefits paid and settlements	**(77,502)**	(4,819)
Fair value of plan assets at end of year	**-**	59,268
Funded status and pension liability	**$ -**	$ 19,733

The assumptions used to develop the projected benefit obligation as of September 30, 2020 and 2019, are as follows:

	2020	2019
Discount rate	**N/A**	**Blend** [(1)]

(1) Combination of lump sum interest and expected annuity purchase interest rates. For participants expected to elect lump sum at plan termination, the rates in effect for the plan termination as of November 2018 are 3.43%-4.46%-4.88%. For participants not expected to elect lump sum at plan termination, the rates expected as of the measurement date are an annuity purchase interest rate of 2.25% for all participants in pay status and 2.30% for all participants not in pay status.

The components of the net periodic pension cost for the years ended September 30 are as follows (in thousands):

	2020	2019
Interest cost	$ **2,496**	$ 2,936
Expected return on plan assets	**(5,214)**	(3,858)
Recognized net actuarial loss	**2,995**	2,450
Settlement charge	**26,100**	-
Net periodic pension cost	**$ 26,377**	$ 1,528

The assumptions used to develop the net periodic pension cost, which are based upon the measurement date at the beginning of the fiscal year, were as follows:

	2020	2019
Measurement date	**September 30, 2020**	September 30, 2019
Discount rate	**3.390%**	4.125%
Expected return on plan assets	**7.250%**	7.250%

Included in net assets without donor restrictions at September 30, 2019, are unrecognized actuarial losses of approximately $27,597,000, which were recognized in net periodic pension cost in fiscal year 2020.

Plan assets

The Plan's investment objectives are to achieve long-term growth in excess of inflation and to provide a rate of return that, at a minimum, exceeds the actuarial expected long-term rate of return. In order to minimize risk, the Plan attempts to minimize the variability in yearly returns. The Plan also diversifies its holdings among sectors, industries, and companies.

To develop the expected long-term rate of return on plan assets assumption, HRC considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

HRC's pension plan asset allocation (based on market value) at September 30 2019, by asset category, is as follows:

Equity securities	73%
Other	27
	100%

Financial instruments carried at fair value as of September 30, 2019, are classified in the table below in one of the three categories described in Note 5 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 14,329	$ -	$ -	$ 14,329
Equity securities and funds:				
Domestic large cap	41,121	-	-	41,121
Foreign	1,996	-	-	1,996
	$ 57,446	$ -	$ -	$ 57,446
Investments at NAV (a)				$ 1,822
Total investments at fair value				$ 59,268

(a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of September 30:

	Fair Value at September 30, 2020	Fair Value at September 30, 2019	Unfunded Commitments	Other Redemption Restrictions	Redemption Notice Period
Arclight Capital Partners	$ -	$ 444,000	None	Quarterly	180 Days
Direct Lending Fund II	$ -	$ 400,000	None	N/A	N/A
Orchard Landmark Limited	$ -	$ 559,000	None	Quarterly	90 Days
RCP Fund I Feeder, L.P.	$ -	$ 419,000	None	Quarterly	45 Days

Contributions

HRC made contributions of $18,884,000 and $1,380,000 to the Plan during the years ended September 30, 2020 and 2019, respectively. Because the plan was terminated, final contributions were made in order to distribute all benefits via lump sum or annuity purchase during fiscal 2020.

Defined contribution plans

In January 2004, HSL replaced the previous defined benefit and various defined contribution plans with its HSL-wide current retirement plans. These plans are defined contribution plans and include employee voluntary contributions, employer-matching contributions based on employee participation and employer discretionary contributions. Amounts paid or accrued by HSL related to these plans were approximately $1,700,000 in fiscal year 2020 and $1,628,000 in fiscal year 2019 and consisted of employer matching contributions.

12. Liquidity and Availability

As part of its liquidity management, HSL has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, HSL invests cash in excess of daily operating funds in short-term investments such as treasury bills, certificates of deposit, and money market funds.

The following schedule reflects HSL's financial assets to meet cash needs for general expenses within one year (in thousands). The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months. Board designated amounts for capital projects have been included in the schedule below as the board could release these funds for liquidity purposes if needed. Designated funds are available for general expenditures within one year in the normal course of operations.

HSL also has the ability to draw down on a $10,000,000 line of credit if needed (as discussed in Note 8).

	2020	2019
Cash and cash equivalents	**$ 22,522**	$ 27,568
Accounts receivable, net	**19,089**	21,743
Investments – unrestricted	**115,845**	108,519
Investments – board designated	**14,984**	14,834
Contributions receivable, net	**2,413**	1,518
Grants receivable	**1,567**	1,356
Assets limited as to use – by board designation	**18,361**	15,886
	$ 194,781	$ 191,424

In addition to financial assets available to meet general expenditures over the next 12 months, HSL maintains an escrow account to cover insurance costs and taxes, and funds a replacement reserve account, in accordance with the terms of the HUD Regulatory Agreement that may be used for future capital needs and major repairs, subject to HUD approval.

13. Concentration of Credit Risk

HRC grants credit without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from patients and third-party payors for HRC at September 30 was as follows:

	2020	2019
Medicaid	**63%**	69%
Medicare	**16%**	15%
Self-pay	**12%**	8%
Other	**9%**	8%
	100%	100%

14. Schedule of Functional Expenses

The consolidated statements contain certain categories of expenses that are attributable to one or more program or supporting functions of HSL. Expenses are directly allocated to program or support services whenever possible. Other shared expenses are allocated based on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and interest which are allocated based on a square footage. The allocation of operating expenses by function for the years ended September 30 was as follows:

2020

	Healthcare Services			Senior Housing	Support Services			
	Hospital Based Rehab	Skilled Nursing	Home Health		Management, General, and Administrative	Research	Eliminations	Total
Salaries and wages	$58,114	$13,323	$5,851	$31,374	$25,302	$ -	$ -	**$133,964**
Employee benefits	12,532	3,042	1,149	8,152	3,277	-	-	**28,152**
Supplies and expenses	8,467	1,969	546	19,433	22,441	-	(8,858)	**43,998**
Direct expenditures on grants and contracts	-	-	-	-	-	13,679	-	**13,679**
Depreciation and amortization	2,738	175	24	25,021	800	239	(431)	**28,566**
Interest expense	171	11	-	15,393	233	15	-	**15,823**
Total	**$82,022**	**$18,520**	**$7,570**	**$99,373**	**$52,053**	**$13,933**	**$(9,289)**	**$264,182**

	2019							
	Healthcare Services			Senior Housing	Support Services			
	Hospital Based Rehab	Skilled Nursing	Home Health		Management, General, and Administrative	Research	Eliminations	Total
Salaries and wages	$55,202	$13,419	$5,944	$29,552	$24,975	-	-	**$129,092**
Employee benefits	12,154	2,853	1,120	7,084	4,721	-	-	**27,932**
Supplies and expenses	7,310	2,057	546	20,080	22,029	-	(8,630)	**43,392**
Direct expenditures on grants and contracts	-	-	-	-	-	10,158	-	**10,158**
Depreciation and amortization	2,658	169	39	24,302	590	232	(345)	**27,645**
Interest expense	108	7	-	15,716	175	10	-	**16,016**
Total	**$77,432**	**$18,505**	**$7,649**	**$96,734**	**$52,490**	**$10,400**	**$(8,975)**	**$254,235**

15. COVID-19 Pandemic

In response to the global coronavirus disease pandemic across the United States of America, the federal government and a large number of state governments, including Massachusetts, have imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in HSL's service area, could result in an abnormally high demand for health care services. The treatment of this highly contagious disease could also result in a temporary shutdown of areas of the facility or staffing shortages. Further, the changing global economic conditions or potential global health concerns surrounding the COVID-19 pandemic may also affect HSL's partners, suppliers, distributors, payors and donors, potentially disrupting or delaying HSL's supply chain and delaying reimbursement by governmental, commercial or private payors, as well as impacting their creditworthiness and ability to pay. At this time, it is not possible to accurately predict the significance of the duration of the COVID-19 pandemic, the impact on operating income, the costs associated with responding to this pandemic, or what federal funds may continue be made available to help recover from this crisis. HSL has implemented various cost saving measures to help mitigate any financial impact.

In addition to the direct impact to the health care industry, global investment and financial markets have experienced substantial volatility, with significant declines attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above. As with nearly all industries and companies operating through the COVID-19 pandemic, HSL expects to encounter further volatility and disruption in its operations and in the local, national and global economies.

Although HSL has activated plans to address the COVID-19 threat and is operating pursuant to infectious disease protocols and its emergency preparedness plan, the potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact HSL's financial condition, liquidity and results of operations in the future.

On March 27, 2020, the federal Coronavirus Aid, Relief and Economic Security Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. HSL received CARES Act Provider Relief Funds ("PRF") general and targeted distributions of approximately $15,718,000 in the year ended September 30, 2020. HSL recognized approximately $9,712,000 as COVID-19 stimulus funding in fiscal year 2020 in the consolidated statement of operations to the extent the conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met, resulting in the simultaneous release of restrictions.

The remaining CARES Act payments of approximately $6,006,000 are recorded as provider relief funds liability on the accompanying consolidated balance sheet as of September 30, 2020. HSL has until June 30, 2021 to utilize remaining funds toward expenses attributable to coronavirus but not reimbursed by other sources or to lost revenues per the terms and conditions.

In addition to CARES Act Funding, HSL also received approximately $1,619,000 of state funding from the Executive Offices of Health and Human Services (EOHHS). These funds were made available as supplemental payments for care provided by HSL during the state of emergency. In order to qualify for the funding, HSL was required to be an inpatient hospital located in Massachusetts with no fewer than 500 licensed beds and no fewer than 150,000 Medicaid patient days in the state fiscal year ended June 30, 2006, and with an established geriatric teaching program for physicians, medical students, and other health care professionals. The full amount of this funding has been recognized in fiscal year 2020 and is included in COVID-19 stimulus funding in the consolidated statements of operations.

On October 22, 2020, November 2, 2020 and January 15, 2021, HHS issued Post-Payment Notices of Reporting Requirements (“PPNRR”) which establish the reporting criteria for providers which received PRF funding under the CARES Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSAA”) was signed into law which provided on-going assistance to healthcare providers and provided additional clarity around PRF reporting requirements. The guidance provided in the PPNRR and CRRSAA is advisory in nature, and subject to change, and it is unknown at the report date what impacts this, and future guidance will have on PRF funding and revenue recognition. As such, amounts recognized as PRF for the year ended September 30, 2020 are subject to change and those changes could be material. The funds are also subject to future audits and potential adjustment and certain amounts may need to be repaid to the government.

Additionally, HSL has elected payroll tax deferrals of approximately $3,129,000 which are due back to the IRS in fiscal years 2022 and 2023. These deferrals are included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

Supplementary Information

Hebrew SeniorLife, Inc. and Affiliates
Consolidating Balance Sheet Information
September 30, 2020
(In Thousands)

	HSL (Parent), HSL ReAge, Guarantor	HRC, AMG	Hebrew SeniorLife Hospice	Orchard Cove	NewBridge	Fireman Community	Satter House	CCB	Eliminations	Total
ASSETS										
Current assets:										
Cash and cash equivalents	$ 1,846	$ 4,570	$ 847	$ 100	$ 10,044	$ 134	$ 922	$ 4,059	$ -	$ 22,522
Accounts receivable, net	-	8,081	4,270	1,829	1,666	213	71	2,959	-	19,089
Investments:										
Unrestricted	69,609	-	-	-	46,236	-	-	-	-	115,845
Board designated - unrestricted for operations	14,984	-	-	-	-	-	-	-	-	14,984
Funds held in trust, current portion	-	-	-	-	-	122	313	348	-	783
Contributions receivable, net	2,413	-	-	-	-	-	-	-	-	2,413
Grants receivable	142	1,425	-	-	-	-	-	-	-	1,567
Entrance fee receivable and deposits held in escrow	-	-	-	364	2,166	52	118	620	-	3,320
Prepaid expenses and other assets	429	4,405	10	163	758	998	263	99	-	7,125
Total current assets	89,423	18,481	5,127	2,456	60,870	1,519	1,687	8,085	-	187,648
Assets limited as to use:										
By Board designation	-	-	-	18,361	-	-	-	-	-	18,361
Held in trust - debt indentures and other, less current portion	1,566	-	-	2,036	13,375	10,289	2,253	3,728	-	33,247
Restricted as to use	6,613	6,398	-	199	73	-	-	-	-	13,283
Endowment funds	18,193	-	-	-	-	-	-	-	-	18,193
Restricted contributions receivable	14,089	-	-	-	-	-	-	-	-	14,089
Property, plant, and equipment, net	7,954	27,989	78	17,328	231,582	6,182	13,080	33,412	(8,278)	329,327
Contributions receivable, less current portion	1,861	-	-	-	-	-	-	-	-	1,861
Advances and other receivables - Orchard Cove	245	688	-	-	-	-	-	-	(933)	-
Interest in net assets of recipient organization	-	-	-	198	-	193	25	-	(416)	-
Advances and other receivables from other affiliates	1,419	458	-	-	-	-	-	-	(1,877)	-
Other assets	91	-	750	-	-	12	2	4,485	-	5,340
Total assets	$ 141,454	$ 54,014	$ 5,955	$ 40,578	$ 305,900	$ 18,195	$ 17,047	$ 49,710	$ (11,504)	$ 621,349

See independent auditors' report.

Hebrew SeniorLife, Inc. and Affiliates
Consolidating Balance Sheet Information
September 30, 2020
(In Thousands)

(Continued)

	HSL (Parent), HSL ReAge, Guarantor	HRC, AMG	Hebrew SeniorLife Hospice	Orchard Cove	NewBridge	Fireman Community	Satter House	CCB	Eliminations	Total
LIABILITIES AND NET ASSETS (DEFICIT)										
Current liabilities:										
Accounts payable and accrued expenses	$ 5,989	$ 21,850	$ 1,119	$ 2,083	4,418	$ 224	$ 378	$ 413	$ -	$ 36,474
Accrued interest expense	-	6	-	454	-	59	98	167	-	784
Deferred revenue	2,013	941	-	-	-	-	-	-	-	2,954
Due to/from HSL/affiliates	-	-	-	865	18,598	65	208	(430)	(19,306)	-
Funds held on behalf of present and future residents	-	362	-	35	367	98	129	622	-	1,613
Due to third-party payors	-	1,192	-	-	-	-	-	-	-	1,192
Current portion of long-term debt	-	1,237	-	345	2,630	488	654	884	-	6,238
Provider relief funds liability	-	6,006	-	-	-	-	-	-	-	6,006
Total current liabilities	8,002	31,594	1,119	3,782	26,013	934	1,467	1,656	(19,306)	55,261
Long-term debt, net	-	1,914	-	20,052	235,696	27,595	34,986	59,304	-	379,547
Deferred revenue from nonrefundable entrance fees, net of amortization	-	-	-	8,985	15,478	-	-	-	-	24,463
Refundable entrance fees	-	-	-	92,295	207,383	-	-	-	-	299,678
Other liabilities	313	510	-	-	617	-	-	994	-	2,434
Due to (from) affiliates	(136,179)	113,475	4,642	-	-	-	-	-	18,062	-
Total liabilities	(127,864)	147,493	5,761	125,114	485,187	28,529	36,453	61,954	(1,244)	761,383
Net assets (deficit):										
Without donor restrictions	233,071	(111,736)	194	(84,933)	(179,360)	(10,526)	(19,581)	(12,244)	(10,085)	(195,200)
With donor restrictions	36,247	18,257	-	397	73	192	175	-	(175)	55,166
Total net assets (deficit)	269,318	(93,479)	194	(84,536)	(179,287)	(10,334)	(19,406)	(12,244)	(10,260)	(140,034)
Total liabilities and net assets (deficit)	$ 141,454	$ 54,014	$ 5,955	$ 40,578	$ 305,900	$ 18,195	$ 17,047	$ 49,710	$ (11,504)	$ 621,349

See independent auditors' report.

Hebrew SeniorLife, Inc. And Affiliates
Consolidating Statement of Operations Information
For the Year Ended September 30, 2020
(In Thousands)

	HSL (Parent), HSL ReAge, Guarantor	HRC, AMG	Hebrew SeniorLife Hospice	Orchard Cove	NewBridge	Fireman Community	Satter House	CCB	Eliminations	Total
Operating revenues:										
Net patient service revenue	$ -	$ 117,841	$ 11,301	$ -	$ 9,118	$ -	$ -	$ -	$ -	$ 138,260
Earned entrance and monthly service fees	-	-	-	22,430	29,922	-	-	-	-	52,352
Rental income	-	-	-	-	139	2,972	6,633	15,292	-	25,036
Health Center lease reimbursement	-	(9,196)	-	-	9,196	-	-	-	-	-
Grants and contracts, including recovery of indirect costs	853	15,015	-	-	-	-	51	-	-	15,919
Net assets released from restrictions used for operations	336	979	-	100	-	8	40	-	(40)	1,423
Investment income	(61)	704	-	362	737	16	5	762	-	2,525
COVID-19 stimulus funding	-	7,688	476	467	2,700	-	-	-	-	11,331
Other operating revenues	9,741	2,936	243	89	296	347	760	901	(8,858)	6,455
	10,869	135,967	12,020	23,448	52,108	3,343	7,489	16,955	(8,898)	253,301
Operating expenses:										
Salaries and wages	7,703	83,449	8,083	9,040	21,266	1,065	1,472	1,886	-	133,964
Employee benefits	(673)	18,287	1,579	2,425	5,584	203	346	401	-	28,152
Supplies and direct expenses	3,813	21,097	2,019	7,500	10,158	1,157	2,691	4,421	(8,858)	43,998
Direct expenditures on grants and contracts	796	12,883	-	-	-	-	-	-	-	13,679
Depreciation and amortization	215	3,402	24	3,996	16,817	545	1,596	2,402	(431)	28,566
Interest expense	-	212	-	891	10,915	535	1,213	2,057	-	15,823
	11,854	139,330	11,705	23,852	64,740	3,505	7,318	11,167	(9,289)	264,182
Operating income (loss)	(985)	(3,363)	315	(404)	(12,632)	(162)	171	5,788	391	(10,881)
Nonoperating gains (losses):										
Net realized gains on investments	1,176	-	-	69	512	-	-	-	-	1,757
Net unrealized gains on investments	3,358	-	-	1,055	2,120	-	-	-	-	6,533
Land lease payments	720	-	-	(720)	-	-	-	-	-	-
Contributions and bequests	1,813	-	-	-	510	16	146	11	510	3,006
Fundraising expenses	(4,277)	-	-	-	-	-	-	-	-	(4,277)
Other nonoperating activities	(149)	(26,751)	-	-	-	(156)	-	(34)	(510)	(27,600)
	2,641	(26,751)	-	404	3,142	(140)	146	(23)	-	(20,581)
Excess (deficiency) of revenues over expenses	1,656	(30,114)	315	-	(9,490)	(302)	317	5,765	391	(31,462)
Net assets released from restrictions used for property and equipment	-	1,850	-	-	-	22	-	-	-	1,872
Change in pension obligation	-	27,929	-	-	-	-	-	-	-	27,929
Net assets transferred to (from) affiliates	13,932	-	-	-	-	(9,490)	(981)	(3,461)	-	-
Change in net assets (deficit) without donor restrictions	$ 15,588	$ (335)	$ 315	$ -	$ (9,490)	$ (9,770)	$ (664)	$ 2,304	$ 391	$ (1,661)

See independent auditors' report.

Hebrew SeniorLife, Inc. and Affiliates
Consolidating Statement of Changes in Restricted Net Assets (Deficit) Information
For the Year Ended September 30, 2020
(In Thousands)

	HSL (Parent), HSL ReAge, Guarantor	HRC, AMG	Orchard Cove	New Bridge	Fireman Community	Satter House	Eliminations	Total
Net Assets with Donor Restrictions								
Net assets with donor restrictions at September 30, 2019	$ 30,873	$ 17,923	$ 382	$ -	$ 213	$ 190	$ (190)	$ 49,391
Restricted contributions	6,580	2,818	106	73	-	-	-	9,577
Restricted investment income	364	177	-	-	1	-	-	542
Net realized gains on investments	349	92	-	-	8	25	(25)	449
Change in net unrealized gains on investments	723	180	-	-	-	-	-	903
Net assets released from restrictions used for operations	(336)	(979)	(100)	-	(8)	(40)	40	(1,423)
Net assets released from restrictions used for property and equipment	-	(1,850)	-	-	(22)	-	-	(1,872)
Other activity	(2,306)	(104)	9	-	-	-	-	(2,401)
Change in net assets (deficit) with donor restrictions	5,374	334	15	73	(21)	(15)	15	5,775
Net assets with donor restrictions at September 30, 2020	$ 36,247	$ 18,257	$ 397	$ 73	$ 192	$ 175	$ (175)	$ 55,166

See independent auditors' report.

Hebrew SeniorLife, Inc. and Affiliates
Consolidating Statement of Cash Flows Information
For the Year Ended September 30, 2020
(In Thousands)

	HSL (Parent), HSL ReAge, Guarantor	HRC, AMG	Hebrew SeniorLife Hospice	Orchard Cove	NewBridge	Fireman Community	Satter House	CCB	Eliminations	Total
Operating activities										
Change in net assets (deficit)	$ 20,962	$ (1)	$ 315	$ 15	$ (9,417)	$ (9,791)	$ (679)	$ 2,304	$ 406	$ 4,114
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:										
Depreciation and amortization	215	3,402	24	3,996	16,817	545	$ 1,596	2,402	(431)	28,566
Amortization of bond premium	-	-	-	(48)	-	-	-	-	-	(48)
Amortization of debt issuance costs	-	6	-	30	63	-	29	40	-	168
Net realized and unrealized gains on investments	(5,606)	(272)	-	(1,124)	(2,632)	(8)	-	-	-	(9,642)
Net assets transferred	(13,932)	-	-	-	-	9,490	981	3,461	-	-
Restricted contributions and investment income	(6,944)	(2,995)	-	(106)	-	(1)	-	-	-	(10,046)
Earned entrance fees	-	-	-	(2,112)	(2,861)	-	-	-	-	(4,973)
Non-refundable entrance fees received	-	-	-	1,381	4,211	-	-	-	-	5,592
Changes in operating assets and liabilities:										
Accounts and grants receivable	(142)	7,511	(1,208)	(752)	98	(204)	(51)	(2,788)	-	2,464
Contributions receivable	(2,197)	-	-	-	-	-	-	-	-	(2,197)
Entrance fee receivable	-	-	-	656	-	-	-	-	-	656
Other assets and liabilities	21	(1,442)	-	473	411	(917)	(26)	158	(867)	(2,189)
Accounts payable and accrued expenses	521	1,066	436	36	(1,801)	139	-	243	446	1,086
Advances on research grants	(295)	75	-	-	-	-	-	-	-	(220)
Pension obligation	-	(19,733)	-	-	-	-	-	-	-	(19,733)
Due to third-party payors	-	(38)	-	-	-	-	-	-	-	(38)
Provider relief funds liability	-	6,006	-	-	-	-	-	-	-	6,006
Net cash provided by (used in) operating activities	(7,397)	(6,415)	(433)	2,445	4,889	(747)	1,850	5,820	(446)	(434)
Investing activities										
Additions to property, plant, and equipment	(1,476)	(4,565)	(29)	(806)	(1,948)	(691)	(960)	(1,470)	(409)	(12,354)
Net assets transferred	13,932	-	-	-	-	(9,490)	(981)	(3,461)	-	-
Sales of investments, trustee and designated funds	137,236	8,086	-	4,757	6,127	-	-	-	-	156,206
Purchases of investments, trustee and designated funds	(136,915)	(8,120)	-	(6,109)	(6,734)	-	-	-	-	(157,878)
Other investing activities	-	-	-	-	-	8	-	-	-	8
Net cash provided by (used in) investing activities	12,777	(4,599)	(29)	(2,158)	(2,555)	(10,173)	(1,941)	(4,931)	(409)	(14,018)

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(In Thousands)

	HSL (Parent), HSL ReAge, Guarantor	HRC, AMG	Hebrew SeniorLife Hospice	Orchard Cove	NewBridge	Fireman Community	Satter House	CCB	Eliminations	Total
Financing activities										
Payments on long-term debt	-	(8,685)	(100)	-	(2,550)	(7,447)	(634)	(855)	-	(20,271)
Proceeds from long-term debt	-	8,000	-	-	-	28,060	-		-	36,060
Change in intercompany balances	(11,840)	10,708	1,318	-	-	(470)	(5)	(752)	1,041	-
Refundable entrance fees and deposits received	-	-	-	6,717	(736)	-	-	-	-	5,981
Refund of entrance fees	-	-	-	(13,194)	(136)	-	-	-	-	(13,330)
Change in interest in net assets of recipient organization	-	-	-	-	-	21	165	-	(186)	-
Restricted contributions and investment income	6,944	2,995	-	106	-	1	-	-	-	10,046
Other financing activities	-	-	-	3	(21)	-	-	-	-	(18)
Net cash provided by (used in) financing activities	(4,896)	13,018	1,218	(6,368)	(3,443)	20,165	(474)	(1,607)	855	18,468
Increase (decrease) in cash, cash equivalents, and restricted cash	484	2,004	756	(6,081)	(1,109)	9,245	(565)	(718)	-	4,016
Cash, cash equivalents, and restricted cash at beginning of year	2,928	2,566	91	8,451	24,601	1,352	4,379	9,473	-	53,841
Cash, cash equivalents, and restricted cash at end of year	$ 3,412	$ 4,570	$ 847	$ 2,370	$ 23,492	$ 10,597	$ 3,814	$ 8,755	$ -	$ 57,857
Reconciliation of cash and cash equivalents to the balance sheet:										
Cash and cash equivalents	$ 1,846	$ 4,570	$ 847	$ 100	$ 10,044	$ 134	$ 922	$ 4,059	$ -	22,522
Entrance fee deposits held in escrow	-	-	-	35	-	52	118	620	-	825
Funds held by trustees under bond agreements, less current	1,566	-	-	2,036	13,375	10,289	2,253	3,728		33,247
Restricted fund assets	-	-	-	199	73	-	-	-	-	272
Other assets	-	-	-	-	-	-	208	-	-	208
Funds held in trust, current	-	-	-	-	-	122	313	348	-	783
	$ 3,412	$ 4,570	$ 847	$ 2,370	$ 23,492	$ 10,597	$ 3,814	$ 8,755	$ -	$ 57,857
Non-cash activities:										
Purchase of property and equipment in accounts payable and accrued liabilities at year-end	$ 552	$ 772	$ -	$ -	$ 316	$ -	$ 111	$ -	$ -	$ 1,751
Refund of entrance fee in accounts payable at year-end	$ -	$ -	$ -	$ 3,736	$ -	$ -	$ -	$ -	$ -	$ 3,736

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