Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

Elder Care Alliance and Subordinate Corporations

June 30, 2020 and 2019

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
Elder Care Alliance and Subordinate Corporations

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Elder Care Alliance and Subordinate Corporations (“ECA”), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, and cash flows for the year 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Elder Care Alliance and Subordinate Corporations as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, ECA adopted Financial Accounting Standards Board Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"), and Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). ASC 606 has been applied using the full retrospective method applied to all contracts. ASU 2016-18 and ASU 2018-08 have been applied using the full retrospect method. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of activities information, and supplemental schedule of cash flows – Mercy Retirement and Care Center as of and for the years ended June 30, 2020 and 2019, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

San Francisco, California
October 22, 2020

Consolidated Financial Statements

Elder Care Alliance and Subordinate Corporations
Consolidated Statements of Financial Position
June 30, 2020 and 2019 (in thousands)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 11,893	$ 9,563
Patient and resident accounts receivable, net	1,211	1,753
Prepaid expenses and other	920	1,218
Other receivables	1,073	537
Total current assets	15,097	13,071
Investments	15,375	17,590
Assets Limited As To Use		
Internally designated	10	167
Held by mortgagee under loan agreement:		
Reserve for replacements	1,550	1,413
Escrow deposits	1,046	893
Externally restricted by security agreements	975	975
Externally restricted by donor	4,967	5,537
Total assets limited as to use	8,548	8,985
Property and Equipment, net	120,980	113,780
Other Assets	372	313
Total assets	$ 160,372	$ 153,739

See accompanying notes.

June 30, 2020 and 2019 (in thousands)

	2020	2019
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 2,842	$ 1,702
Accrued expenses and other	4,408	3,012
Current maturities of long-term debt	2,385	2,136
Total current liabilities	9,635	6,850
Long-term Debt	100,638	99,519
Asset Retirement Obligations	590	810
Total liabilities	110,863	107,179
Net Assets		
Without donor restrictions	41,315	39,206
With donor restrictions	8,194	7,354
Total net assets	49,509	46,560
Total liabilities and net assets	$ 160,372	$ 153,739

Elder Care Alliance and Subordinate Corporations
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020 (in thousands)

	2020		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues, Gains, and Other Support			
Monthly rent	$ 27,279	$ -	$ 27,279
Net health services	21,213	-	21,213
Other resident services	899	-	899
Contributions	380	2,624	3,004
Other revenue, net	57	-	57
Net assets released from restriction	1,971	(1,971)	-
Total revenues, gains, and other support	51,799	653	52,452
Expenses and Losses			
Salaries and benefits	28,827	-	28,827
Purchased services and other	10,059	-	10,059
Supplies	3,247	-	3,247
Depreciation and amortization	3,967	-	3,967
Interest and fees	4,074	-	4,074
Loss on disposal of property and equipment	2	-	2
Total expenses and losses	50,176	-	50,176
Operating Income	1,623	653	2,276
Other Income			
Investment return, net of investment expense	486	187	673
Total other income	486	187	673
Excess of Revenues over Expenses and Changes in Net Assets	2,109	840	2,949
Net Assets, beginning of the year	39,206	7,354	46,560
Net Assets, end of the year	$ 41,315	$ 8,194	$ 49,509

See accompanying notes.

Year Ended June 30, 2019 (in thousands)

	2019		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues, Gains, and Other Support			
Monthly rent	$ 27,005	$ -	$ 27,005
Net health services	21,631	-	21,631
Other resident services	772	-	772
Contributions	160	2,222	2,382
Other revenue, net	78	-	78
Net assets released from restriction	2,227	(2,227)	-
Total revenues, gains, and other support	51,873	(5)	51,868
Expenses and Losses			
Salaries and benefits	26,432	-	26,432
Purchased services and other	9,567	-	9,567
Supplies	3,221	-	3,221
Depreciation and amortization	4,124	-	4,124
Interest and fees	4,264	-	4,264
Total expenses and losses	47,608	-	47,608
Operating Income (Loss)	4,265	(5)	4,260
Other Income			
Investment return, net of investment expense	157	540	697
Total other income	157	540	697
Excess of Revenues over Expenses and Changes in Net Assets	4,422	535	4,957
Net Assets, beginning of the year	34,784	6,819	41,603
Net Assets, end of the year	$ 39,206	$ 7,354	$ 46,560

Elder Care Alliance and Subordinate Corporations
Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019 (in thousands)

	2020	2019
Cash Flows from Operating Activities		
Changes in net assets	$ 2,949	$ 4,957
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	2	-
Depreciation and amortization	3,967	4,124
Amortization of deferred debt issuance costs	82	82
(Depletion) accretion of asset retirement obligations	(29)	46
Unrealized gains (losses) on investments	39	(318)
Restricted contributions and investment return, net of investment expenses	(2,811)	(2,762)
Changes in operating assets and liabilities:		
Patient and resident accounts receivable	542	(357)
Prepaid expenses and other assets	239	21
Other receivables	(536)	(28)
Accounts payable	325	176
Accrued expenses and other	1,396	219
Net cash provided by operating activities	6,165	6,160
Cash Flows from Investing Activities		
Purchases of investments, and assets limited as to use	(4,690)	(1,059)
Proceeds from sale of investments and assets limited as to use	4,511	10,895
Purchases of property and equipment	(10,354)	(7,375)
Payments to remediate asset retirement obligation	(191)	-
Net cash (used in) provided by investing activities	(10,724)	2,461
Cash Flows from Financing Activities		
Proceeds from restricted contributions and investment income	2,811	2,762
Payment of debt issuance costs	(20)	(330)
Proceeds from long-term debt	3,437	-
Principal payments of long-term debt	(2,131)	(3,326)
Net cash provided by (used in) financing activities	4,097	(894)
(Decrease) increase in cash, cash equivalents, and restricted cash	(462)	7,727
Cash, cash equivalents, and restricted cash, beginning of year	16,673	8,946
Cash, cash equivalents, and restricted cash, end of year	$ 16,211	$ 16,673

See accompanying notes.

Years Ended June 30, 2020 and 2019 (in thousands)

	2020	2019
Adjustments to reconcile cash, cash equivalents, and restricted cash to consolidated statements of financial position:		
Cash	$ 11,893	$ 9,563
Investments		
Money market mutual funds (Note 3)	522	4,366
Cash and cash equivalents (Note 3)	1,200	438
Held by mortgagee under loan agreement:		
Cash and cash equivalent in reserve for replacements	1,046	1,413
Cash and cash equivalent in escrow deposits	1,550	893
Total cash, cash equivalents, and restricted cash	$ 16,211	$ 16,673
Supplemental cash flow Information		
Interest paid	$ 4,018	$ 4,104
Property and equipment acquisitions included in accounts payable	$ 815	$ 119

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Elder Care Alliance ("ECA-Corporate") is a California nonprofit public benefit corporation, exempt from federal and state income taxes, established on December 6, 1996. ECA-Corporate is cosponsored by the Sierra Pacific Synod of the Evangelical Lutheran Church in America (the "Lutheran Synod") and the Sisters of Mercy of the Americas – West Midwest Communities (the "Sisters of Mercy").

ECA-Corporate was established with the support and leadership of CommonSpirit Health (formerly known as Dignity Health). The shared vision of CommonSpirit Health, ECA-Corporate, and its cosponsors, the Lutheran Synod, and the Sisters of Mercy, was to create a network of faith-centered, nonprofit elder care facilities and services to meet the needs of the burgeoning population of elderly people who seek support and assistance with activities of daily living in a noninstitutional environment.

On May 15, 1997, two separate nonprofit corporations, Mercy Retirement and Care Center ("MRCC") and Salem Lutheran Home Association of the Bay Cities, Inc. ("SLH"), entered into an affiliation agreement. Under the terms of this agreement, ECA-Corporate became the sole corporate member of both MRCC and SLH. ECA-Corporate provides supportive housing, skilled nursing, rehabilitation, and social services principally to the aged through these subordinate corporations. MRCC and SLH retain their individual identities, assets and liabilities, and relationships with their individual sponsors and operate under a common management team through ECA-Corporate.

MRCC is a California nonprofit public benefit corporation organized for the purposes of providing residences, assistance with daily living needs and skilled nursing care for elderly persons. The facilities include 107 units licensed as residential care, including a 22-unit dementia care facility and 59 units licensed as skilled nursing. Beginning on December 28, 2011, MRCC began offering a "continuing care " concept in which residents enter into a residential contract that generally provides for a specific entrance fee and for monthly service fees throughout the residents' tenancy. Generally, payment of these fees entitles residents to the use and privileges of MRCC for life.

Residents are also entitled to certain healthcare services provided in the MRCC assisted living and skilled nursing facility. The residency agreement does not entitle the residents to an ownership interest in MRCC. MRCC generates its revenues primarily from residential care and skilled nursing fees.

SLH is a California nonprofit public benefit corporation. In August 2013, after an extensive strategic planning process, ECA-Corporate decided to discontinue the operations of SLH after finding it infeasible to renovate the aging campus. ECA-Corporate sold the senior living operations including certain assets and liabilities of SLH on July 1, 2014.

On December 30, 2016, ECA-Corporate acquired a 135-unit independent living facility in San Mateo, California. There were no continuing operating activities related to SLH after the sale discussed in the previous paragraph, so in December 2016, the SLH articles of incorporation were amended to legally change the name of the organization from SLH to Elder Care Alliance of San Mateo ("VSM"). VSM is doing business as the "Villa at San Mateo."

The following entities are California nonprofit public benefit corporations organized for the purpose of developing residential care facilities for the elderly ("RCFE") to provide residences and assistance with daily living needs for elderly persons and generate its revenues primarily from residential care fees.

They are subordinate corporations to ECA-Corporate and operate under a common management team through ECA-Corporate:

Elder Care Alliance of Camarillo ("AVC") – doing business under the name of "AlmaVia of Camarillo", operates an 85-unit RCFE with 25 units designated for dementia care in Camarillo, California.

Elder Care Alliance of San Francisco ("AVSF") – doing business under the name of "AlmaVia of San Francisco", operates a 135-unit RCFE with 41 units designated for dementia care in San Francisco, California.

Elder Care Alliance of San Rafael ("AVSR") – doing business under the name "AlmaVia of San Rafael", operates a 136-unit RCFE with 22 units designated for dementia care in San Rafael, California.

Elder Care Alliance of San Mateo ("VSM") – doing business under the name "Villa at San Mateo", operates a 135-unit independent living community in San Mateo, California.

Hereinafter, ECA-Corporate and its subordinate corporations are referred to collectively as "ECA."

Basis of consolidation – The accompanying consolidated financial statements include the accounts of ECA-Corporate and its subordinate corporations: MRCC, AVC, AVSF, AVSR, and VSM. All significant transactions and accounts between the entities have been eliminated.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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 – For purposes of the statement of cash flows, ECA considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

Patient and resident accounts receivable, net – As part of its mission to serve the community, ECA provides care to residents even though they may participate in programs that do not pay full charges, or they may lack adequate insurance or private means. ECA manages their private resources and/or collection risk by regularly reviewing their accounts and contracts and by providing appropriate allowances based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Accounts receivable are stated at net realizable value from third-party payors, residents, and others. Accounts receivable are due in full when billed and are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

For receivables associated with services provided to patients who have third-party coverage, ECA analyzes contractually due amounts and provides additional implicit price concession, if necessary, based upon historical collection history for deductibles and copayments on accounts for which the third-party payor had not yet paid or for remaining payor balances.

For receivables associated with self-pay patients, which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, ECA records a significant implicit price concession in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is reflected as a reduction in accounts receivable.

Other receivables – Other receivables consists primarily of pledges received from donors.

Investments and investment return – Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. In accordance with Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), investment return is net of investment manager expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statement of activities and changes in net assets as unrestricted, temporarily, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Assets limited as to use – Assets limited as to use include: assets internally designated by the Board of Directors for payment of workers' compensation claims, over which the Board retains control and may at its discretion, subsequently use for other purposes; assets held in escrow for payment of property taxes, property insurance, mortgage insurance premium, occupancy stabilization, debt service, and reserves for replacements pursuant to the loan agreements; assets restricted by security agreements for collateral pledged against standby letter of credit (See Note 5(B)); and assets restricted by donors.

Property and equipment, net – Property and equipment acquisitions are recorded at cost and depreciated using the straight-line method based over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. ECA capitalizes property and equipment with a cost of greater than $1,000. Costs of maintenance and repairs are charged to expense as incurred.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	20 years
Buildings and improvements	15 to 40 years
Furniture and equipment	3 to 10 years

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions, unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service.

Long-lived asset impairment – ECA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flow is expected to result from the use, and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Professional liability insurance – ECA recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in Note 10.

Workers' compensation insurance – ECA recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Workers' compensation liability claims are described more fully in Note 10.

Health reimbursement arrangement – ECA recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Health reimbursement arrangement liability claims are described more fully in Note 10.

Asset retirement obligations – Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 410-20, *Asset Retirement Obligations*, defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. During 2020, ECA began abatement of asbestos at MRCC and has paid approximately $191,000 in asset retirement obligations. As of June 30, 2020 and 2019, MRCC recognized $590,000 and $810,000, respectively, of conditional asset retirement obligations included in the consolidated statements of financial position. During the year ended June 30, 2020, there was reduction of the asset retirement obligation, which resulted in a total accretion expense credit for the year then ended. (Depletion) accretion expense of the asset retirement obligation totaled ($29,000) and $46,000 for the years ended June 30, 2020 and 2019, respectively.

Derivative instruments – ECA has several derivative instruments, which include three interest rate swaps (Note 5). The swap agreements will be effective in March 2022 and will be recorded on the combined statement of financial position at fair value. As the derivatives do not qualify as effective hedges, the changes in fair value of the derivatives are recognized in nonoperating loss on the consolidated statement of activities and changes in net assets in accordance with ASC 815, *Derivatives and Hedging*.

Obligation to provide future services – MRCC provides a continuing care concept and services primarily on a fee-for-service basis. MRCC has one contract with no entrance fee. MRCC fees are not limited to stated or cost-of-living increases. MRCC sets resident rates to fully absorb their ongoing operating costs. Management's estimate of the liability for "future service obligation" represents the excess of net care expenses over resident service revenue. The obligations were zero for both June 30, 2020 and 2019.

Net assets – ECA classifies net assets as follows:

Net assets without donor restrictions – Represent resources available to support ECA's operations and donor-restricted resources that have become available for use by ECA in accordance with the intention of the donor. Certain net assets have been designated by the board for specific use in future periods. In addition, MRCC has a policy of funding depreciation, to the extent that funds are available, to be used for replacement, expansion, and improvement of property and equipment or for repayment of long-term debt. The funds may be redesignated for other uses as appropriate.

Net assets with donor restrictions – Represent contributions that are limited in use by ECA in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of ECA according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from net assets with donor restrictions and recognized as net assets without donor restrictions. Net assets with donor restrictions are available primarily for resident assistance and certain aspects of operations. Net assets with donor restrictions also represent net assets subject to donor-imposed stipulations that they be maintained by ECA in perpetuity. Generally, the donors of these assets permit ECA to use all or part of the income earned on related investments for general or specific purposes.

Revenue recognition – ECA has assessed the predominant component of independent living and assisted living, which includes memory care, monthly lease payment to be for the monthly rent of the apartment, as other services such as net health service revenue and other resident services are reported separately. ECA will therefore recognize monthly rent as lease income under ASC Topic 840. ECA further determined that the net health service and other resident services to be health care services and other services provided to residents that do not relate to the assisted living unit apartment rent, therefore is not part of the calculation of lease payment, and therefore recognize revenue under these service lines as revenue under ASC Topic 606.

Net health service revenues are reported at the amount that reflects the consideration ECA expects to receive in exchange for the services personal care services provided. Performance obligations are determined based on the nature of the services provided. Net health service revenues are recognized as performance obligations are satisfied.

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

Assisted Living: Assisted living revenues are primarily derived from providing personal care services to residents at a stated monthly fee with the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, assisted living revenues are recognized on a month-to-month basis.

Skilled Nursing: Skilled nursing revenues are primarily derived from providing personal care services to residents at a stated daily fees with the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, skilled revenues are recognized on a daily basis.

Other resident services include revenues from housekeeping, laundry, transportation, medical supplies, and other revenues from residents. ECA has determined that other resident services are considered individual performance obligations, which are satisfied over time as services are provided. Therefore, other resident services revenues are recognized as services are rendered.

ECA disaggregates lease income and revenue from contracts with customers by type of service as this depicts the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. Revenues, gains, and other support consist of the following for the years ended June 30, 2020 and 2019:

	2020				
	Independent Living	Assisted Living	Skilled Nursing	Ancillary	Total
Monthly rent	$ 3,881	$ 23,398	$ -	$ -	$ 27,279
Net health services	-	4,595	13,563	3,055	21,213
Other resident services	-	-	-	899	899
	$ 3,881	$ 27,993	$ 13,563	$ 3,954	$ 49,391

	2019				
	Independent Living	Assisted Living	Skilled Nursing	Ancillary	Total
Monthly rent	$ 3,784	$ 23,222	$ -	$ -	$ 27,006
Net health services	-	4,702	14,040	3,381	22,123
Other resident services	-	-	-	619	619
	$ 3,784	$ 27,924	$ 14,040	$ 4,000	$ 49,748

Payment terms and conditions for ECA's resident contracts vary by contract type, although terms generally include payment to be made within 30 days. Monthly rental fees and assisted living net health services are billing to residents monthly in advance and are amortized ratably during the month. Skilled nursing net health services and other resident services are generally billed monthly in arrears.

AVC, AVSF, AVSR, and VSM have agreements with the residents at established rates.

MRCC has agreements with third-party payors that provide for payments to MRCC at amounts different from its established rates. Net health service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods, as adjustments become known. Payment arrangements include prospectively determined rates per day, reimbursed costs, discounted charges, and per diem payments. Net revenues from Medicare and Medi-Cal programs were approximately $2,851,000 and $2,727,000, respectively, for the year ended June 30, 2020, and approximately $2,778,000 and $2,435,000, respectively, for the year ended June 30, 2019. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates could change in the near term.

Charitable care – ECA provides charitable care discounts to long-term residents who are no longer able to pay for services or monthly service fees. The amount of charitable care discounts is included in net revenue, gains, and other support, within releases from restriction, and is not separately classified from the provision for uncollectible accounts. The total charitable care discounts included in releases from restriction for the year ended June 30, 2020 and 2019, were approximately $1,003,000 and $1,561,000, respectively.

Contributions – Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported with net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified and reported as an increase in net assets without donor restrictions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Excess of revenues over expenses – ECA considers the excess of revenues over expenses in net assets without donor restrictions as the operating measure for the organization. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets).

Income taxes – ECA-Corporate and its subordinates are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and have been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board. However, ECA-Corporate and its subordinates are subject to federal income tax on any unrelated business taxable income.

ECA-Corporate and its subordinates file tax returns in the U.S. federal jurisdiction.

Reclassifications – Certain prior year amounts were reclassified to conform to the current year presentation. There was no change in net assets or changes in net assets related to these reclassifications.

New accounting pronouncements – In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU No. 2014-09”), to clarify revenue recognition principles. This guidance is intended to improve disclosure requirements and enhance comparability of revenue recognition principles. Improved disclosures under this ASU and several amendments relate to the nature, amount, timing and uncertainty of revenue that is recognized from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 for all entities by one year. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which further deferred, on an optional basis, the effective date of ASU 2014-09 by an additional year for certain entities that have not yet issued their financial statements (or made financial statements available for issuance). Early adoption is permitted. On July 1, 2019, ECA adopted the ASU No. 2014-09, using the full retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09, is that revenues are recognized to depict the transfer of promised goods or services to customers (residents) in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements. Under the full retrospective approach, the guidance is applied to the first period presented recognizing a cumulative effect of the adoption change as an adjustment to beginning net deficit without donor restrictions. The adoption of ASU No. 2014-09 did not have a material impact on ECA and therefore resulted in no restatement of beginning net deficit without donor restrictions.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 2016-02") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In June 2020, The FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which allows certain entities the option to delay adoption of ASU No. 2016-02 to fiscal years beginning after December 15, 2021. ECA's management is currently evaluating the impact of adoption on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU No. 2016-18"). This guidance enhances the statement of cash flow by streamlining the activities between cash and restricted cash as operating, investing, or financing, or as a combination of those activities. The guidance also highlights explanations of the change of cash, cash equivalents, restricted cash or restricted cash equivalents during the period. The guidance is effective for fiscal years beginning after December 15, 2019. ECA adopted the provisions of ASU No. 2016-18 as of July 1, 2018, using the full retrospective approach, where cash and cash equivalents included in investments and escrow deposits and reserve replacements are presented as restricted cash on the statement of cash flows for all years presented.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance assists in evaluating whether contributions should be accounted for as nonreciprocal or as exchange transactions and determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after December 15, 2018. The adoption of this standard did not have a material impact on the Organization's financial statements.

In June 2018, FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement ("*ASU 2018-13"). This guidance modifies disclosure requirements on the fair value of investments. The guidance is effective for fiscal years beginning after December 15, 2019. ECA's management is currently evaluating the impact of adoption on the consolidated financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

ECA grants credit without collateral to its patients and residents. The mix of receivables from patients, residents, and third-party payors at June 30, 2020 and 2019, was:

	2020	2019
Medicare	18%	20%
Medi-Cal	42%	23%
Other third-party payors	19%	21%
Self pay	21%	36%
	100%	100%

Financial instruments, which could potentially subject ECA to significant concentrations of credit risk, consist primarily of investments in marketable securities. ECA, primarily through external money managers, has significant investments in marketable securities, which are subject to price fluctuation. This risk is controlled through a diversified portfolio and regular monitoring procedures.

Financial instruments potentially subjecting ECA to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insurance thresholds. Demand deposits are placed with a local financial institution, and management has not experienced any loss related to these demand deposits in the past.

NOTE 3 – INVESTMENTS AND INVESTMENT RETURN

Composition of investments and assets limited as to use at June 30, 2020 and 2019 are summarized in the following table (in thousands):

	2020	2019
Equities	$ 10,872	$ 10,596
Fixed income securities		
U.S. agencies and treasuries	1,486	1,637
Corporate debt securities	1,583	1,641
Mortgage-backed securities	923	958
Mutual funds	2,708	2,601
Cash and cash equivalents		
Money market mutual funds	522	4,366
Cash and cash equivalent	1,200	438
Certificates of deposit	2,033	2,032
Replacement reserve and escrow deposits held by mortgagee under loan agreement	2,596	2,306
	$ 23,923	$ 26,575

These investments are included on the consolidated statements of financial position as follows (in thousands):

	2020	2019
Investments	$ 15,375	$ 17,590
Assets limited as to use		
Internally designated	10	167
Held by mortgagee under loan agreement:		
Reserve for replacements	1,550	1,413
Escrow deposits	1,046	893
Externally restricted by security agreements	975	975
Externally restricted by donor	4,967	5,537
	8,548	8,985
	$ 23,923	$ 26,575

Total investment return is comprised of the following (in thousands):

	2020	2019
Investment return, net		
Interest and dividend income	$ 598	$ 592
Realized gains (loss)	234	(89)
Unrealized (loss) gains	(39)	318
Less investment manager expense	(120)	(124)
	$ 673	$ 697

Total investment return is reflected in the consolidated statements of activities and changes in net asssets as follows (in thousands):

	2020	2019
Net assets without donor restrictions		
Investment return, net of investment manager expenses	$ 486	$ 157
Net assets with donor restrictions		
Investment return, net of investment manager expenses	187	540
	$ 673	$ 697

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net included on the consolidated statements of financial position as follows (in thousands):

	2020	2019
Land	$ 31,478	$ 31,478
Land lease	9,748	9,748
Land improvements	325	1,152
Buildings and leasehold improvements, building improvements, and building service equipment	93,362	102,232
Equipment	7,565	10,613
Construction in progress	15,725	6,513
	158,203	161,736
Less accumulated depreciation	37,223	47,956
	$ 120,980	$ 113,780

Land lease includes a capitalized land lease of $8,097,501 required by the ground lease agreement with the Roman Catholic Archbishop of San Francisco. This consists of the original land lease of $4,092,477 and an extension of the land lease agreement of $4,005,024 executed on October 1, 2011. The lease expires March 2075 and has no options to extend the term of the lease. Six months prior to the end of the AVSF ground lease term, the lessor will determine whether it will accept the premises in their existing condition or require that ECA demolish the improvements and return the land to its original condition. The amounts are being amortized over the remaining lease term from the date of execution. The land lease has accumulated amortization of $2,181,000 and $2,073,000 at June 30, 2020 and 2019, respectively, and a net land lease balance at June 30, 2020 and 2019, of $5,916,000 and $6,025,000, respectively.

Land lease includes property that was purchased by AVSR from the Lutheran Synod for the purpose of constructing the AVSR facility. The Lutheran Synod has the right to repurchase the property for one dollar, ten years after full payment of the existing mortgage payable, not to exceed 60 years. The land lease is being amortized ratably over 45 years resulting in accumulated amortization of $535,000 and $498,000 at June 30, 2020 and 2019, respectively, and a net land lease balance at June 30, 2020 and 2019, of $1,115,000 and $1,152,000, respectively.

At June 30, 2020, ECA's construction in progress balance of $15,725,000 was composed primarily of renovations at MRCC and smaller projects at other campuses. The projects currently in progress are expected to be completed through 2022 with $20,859,000 additional costs to complete.

As described in Note 5, portions of the above property and equipment were pledged as collateral on ECA's long-term debt.

NOTE 5 – LONG-TERM DEBT

Long-term debt included on the consolidated statements of financial position as follows (in thousands):

	2020	2019
AVC promissory note payable ("A")	$ 10,602	$ 10,853
AVSF promissory note payable ("B")	33,008	33,738
AVSR promissory note payable ("C")	28,248	28,939
VSM promissory note payable ("D")	29,709	30,167
MRCC BBVA Construction Loan ("E," "F," "G," "H,")	3,437	-
	105,004	103,697
Less: unamortized debt issuance costs	(1,981)	(2,042)
Less: current maturities	(2,385)	(2,136)
	$ 100,638	$ 99,519

(A) AVC – Held by a commercial entity, insured by the Department of Housing and Urban Development (“HUD”) under Section 232 of the National Housing Act, in the original amount of $12,416,000. The mortgage matures in June 2047, payable in monthly installments of approximately $48,000 including interest at 3.0%, secured by a first lien on the AVC property. Under the terms of the note, AVC is required to maintain certain escrow deposits and reserve accounts for replacements that are included in assets limited as to use. It is also subject to restrictions on acquisition, use, and disposition of the mortgaged property and revenues derived therefrom.

(B) AVSF – Held by a commercial entity, insured by HUD under Section 232 of the National Housing Act, in the original amount of $38,485,000. The mortgage matures in November 2046, payable in monthly installments of approximately $162,000 including interest at 3.65%, secured by a first lien on the AVSF property. Under the terms of the note, AVSF is required to maintain certain escrow deposits and reserve accounts for replacements that are included in assets limited as to use. The lender required a five-year debt service escrow which is covered by an irrevocable standby letter of credit with a financial institution in the amount of approximately $975,000 which is subject to automatic annual extensions with a final expiration of October 31, 2021. The lender requires the debt service escrows to continue to be maintained until minimum debt service coverage ratios are met. It is also subject to restrictions on acquisition, use, and disposition of the mortgaged property and revenues derived therefrom. In accordance with the standby letter of credit agreement, ECA is required to pledge as collateral, of approximately $975,000 on behalf of AVSF, as security for the standby letter of credit. At June 30, 2019, no amount had been drawn on this letter of credit.

(C) AVSR – Held by a commercial entity, insured by HUD under Section 232 of the National Housing Act in the original amount of $32,878,000. The mortgage is payable in monthly installments of approximately $144,000, including interest at 3.6% through April 1, 2045, and is secured by a first lien on the AVSR property. Under the terms of the mortgage, AVSR is required to maintain certain escrow deposits and reserve accounts for replacements that are included in assets limited as to use. It is also subject, under the terms of the mortgage, to restrictions on acquisition, use, and disposition of the mortgaged property, and revenues derived therefrom.

(D) VSM entered into a $30,358,000 mortgage with a commercial entity in December 2016. The note bears interest at a fixed rate of 4.69%. The note requires monthly interest-only payments from February 2017, through January 2019, and monthly principal and interest payments of approximately $157,000 starting in February 2019 until the mortgage is fully paid in January 2027. The note is guaranteed by ECA-Corporate and secured by the mortgaged property.

(E) MRCC entered into a $25,000,000 construction loan with BBVA Compass Bank on March 26, 2019. The construction loan converts to a permanent loan on March 25, 2022, extending the maturity date to March 25, 2032. The note will bear interest at an annual rate of 4.51% and will be amortized over 30 years. As of June 30, 2020, MRCC had an unpaid principal balance of approximately $3,437,000.

(F) MRCC entered into a $10,000,000 interest swap agreement with Compass Bank on March 26, 2019. The effective Date of the Swap agreement is March 24, 2022, extending the maturity date to March 24, 2032. Compass Bank is the floating rate player subject to a floating rate of USD-LIBOR-BBA, whereas MRCC is the fixed rate player subject to a fixed rate of 2.86% per annum.

(G) MRCC entered into a $10,000,000 interest swap agreement with Compass Bank on May 1, 2020. The effective Date of the Swap agreement is March 24, 2022, extending the maturity date to March 24, 2032. Compass Bank is the floating rate player subject to a floating rate of USD-LIBOR-BBA, whereas Mercy Retirement Care Center is the Fixed Rate player subject to a fixed rate of 1.09% per annum.

(H) MRCC entered into a $2,000,000 interest swap agreement with Compass Bank on May 4, 2020. The effective Date of the Swap agreement is March 24, 2022, extending the maturity date to March 24, 2027. Compass Bank is the floating rate player subject to a floating rate of USD-LIBOR-BBA, whereas MRCC is the Fixed Rate player subject to a fixed rate of 1.20% per annum.

Unamortized debt issuance costs of $1,981,000 and $2,042,000 at June 30, 2020 and 2019, respectively, are related to the outstanding long-term debt of ECA. The costs are amortized to interest expense over the term of the related debt.

Aggregate annual maturities of long-term debt at June 30, 2020 were (in thousands):

Year Ending June 30,		
2021	$	2,385
2022		2,697
2023		2,818
2024		2,927
2025		3,052
Thereafter		91,125
	$	105,004

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of donor restricted contributions and grants at June 30, 2020 and 2019 for the following purposes (in thousands):

		2020		2019
Equipment and expansion	$	2,351	$	1,241
Charitable care and other		2,196		2,466
Endowment corpus		3,647		3,647
	$	8,194	$	7,354

During the years ended June 30, 2020 and 2019, $1,981,000 and $2,227,000, respectively, of net assets were released from donor restrictions by incurring eligible operating and capital expenditures and satisfying the restricted purposes of charitable care.

Endowment corpus that must be maintained in perpetuity, with the earnings on such funds to be used primarily for the care of indigent people, are included in charity and other.

NOTE 7 – ENDOWMENTS

ECA's endowment consists of approximately eight individual funds established to support ECA's nonprofit mission. The endowment consists of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

ECA's governing body has interpreted the State of California Prudent Management of Institutional Funds Act ("SPMIFA") as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ECA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by ECA in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, ECA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of ECA and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of ECA
- Investment policies of ECA

The composition of net assets for the endowment fund at June 30, 2020 and 2019 was (in thousands):

	2020		
	Available for Release	**Corpus**	**Total**
Donor-restricted endowment funds	$ 1,320	$ 3,647	$ 4,967

	2019		
	Available for Release	**Corpus**	**Total**
Donor-restricted endowment funds	$ 1,890	$ 3,647	$ 5,537

Changes in endowment net assets for the years ended June 30, 2020 and 2019 were (in thousands):

	2020		
	Available for Release	**Corpus**	**Total**
Endowment net assets, beginning of year	$ 1,890	$ 3,647	$ 5,537
Investment return, net			
Investment gain	186	-	186
Net appreciation	195	-	195
Less, investment manager expense	(50)	-	(50)
Total investment return	331	-	331
Appropriation of endowment assets for expenditure	(901)	-	(901)
Endowment net assets, end of year	$ 1,320	$ 3,647	$ 4,967

	2019		
	Available for Release	**Corpus**	**Total**
Endowment net assets, beginning of year	$ 2,981	$ 3,647	$ 6,628
Investment return, net			
Investment gain	281	-	281
Net appreciation	321	-	321
Less, investment manager expense	(62)	-	(62)
Total investment return	540	-	540
Appropriation of endowment assets for expenditure	(1,631)	-	(1,631)
Endowment net assets, end of year	$ 1,890	$ 3,647	$ 5,537

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level ECA is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. There were no such deficiencies of this nature at June 30, 2020 and 2019.

ECA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include the assets of donor-restricted endowment funds ECA must hold in perpetuity or for donor-specified periods. Under ECA's policies, endowment assets are invested in a manner that is intended to produce results that exceed the average return of the Barclays Capital Aggregate Index for fixed-income investments and the average return of the Russell 3000 Index for equities while assuming an investment grade level of investment risk. ECA expects its endowment funds to provide an average rate of return of approximately 5% annually over time. Actual returns in any given year may vary from this amount.

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

ECA has a policy of appropriating each year for expenditures an amount expected to be required to offset the amount of resident assistance estimated to be provided as approved in the annual budget. In establishing this policy, ECA considered the long-term expected return on its endowment. This is consistent with ECA's objective to maintain the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 8 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2020 and 2019, comprise the following (in thousands):

	2020	2019
Cash	$ 11,893	$ 9,563
Patient and resident accounts receivable	1,211	1,753
Investments	15,375	17,590
	$ 28,479	$ 28,906

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. ECA has a goal to maintain a current ratio greater than 1:1 in order to meet general expenditures, liabilities, and other obligations as they come due.

NOTE 9 – FUNCTIONAL EXPENSES

The expenses for providing residential and assisted living services activities of ECA that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among program services and supporting services activities benefited based upon employee time and effort recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage, or other relevant bases. Expenses related to providing these services for the years ended June 30, 2020 and 2019 are as follows:

	2020					
	Residential Services	Assisted Living	Skilled Nursing	Fundraising	General and Administrative	Total
Salaries and benefits	$ 6,628	$ 14,195	$ 3,666	$ 689	$ 3,649	$ 28,827
Purchased services and other	4,347	3,457	1,242	73	940	10,059
Supplies	280	2,435	507	6	19	3,247
Depreciation	3,931	-	-	-	36	3,967
Interest and fees	-	-	-	-	4,074	4,074
Loss on disposal of property	-	-	-	-	2	2
	$ 15,186	$ 20,087	$ 5,415	$ 768	$ 8,720	$ 50,176

	2019					
	Residential Services	Assisted Living	Skilled Nursing	Fundraising	General and Administrative	Total
Salaries and benefits	$ 6,072	$ 13,080	$ 3,665	$ 559	$ 3,056	$ 26,432
Purchased services and other	5,092	2,196	1,437	51	791	9,567
Supplies	219	2,389	404	3	206	3,221
Depreciation	4,066	-	-	-	58	4,124
Interest and fees	-	-	2	-	4,262	4,264
	$ 15,449	$ 17,665	$ 5,508	$ 613	$ 8,373	$ 47,608

NOTE 10 – PROFESSIONAL, WORKERS' COMPENSATION, AND HEALTH REIMBURSEMENT ARRANGEMENT LIABILITY CLAIMS

ECA purchases professional liability insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a healthcare provider to accrue reported and unreported incidents, if any, occurring during the year by estimating the probable ultimate costs of the incidents. Based upon ECA' s claim experience, no such accrual is required. It is reasonably possible that this estimate could change materially in the near term.

ECA is insured for workers' compensation claims under a fully-insured policy. There is no deductible under this policy, as all claims are handled by the carrier from the first dollar. Prior to the enactment of the fully-insured policy on July 1, 2014, ECA was insured for workers' compensation claims under a claims-made policy with a $250,000 deductible for each claim. Claims incurred under the former policy continue to be processed and the accrual for these costs includes the unpaid portion of claims that have been reported and estimates of amounts for claims that have been incurred but not reported and is included in accrued expenses in the consolidated statement of financial position. Management recognizes an estimated liability based upon the historical claims experience within stop-loss coverage limits. Workers' compensation claims liabilities were $265,000 and $339,000 at June 30, 2020 and 2019, included in accrued expense and other, respectively. No insurance recovery receivables were recorded at June 30, 2020 and 2019.

ECA entered into a Health Reimbursement Arrangement Plan ("Plan") on July 1, 2019. The first plan period is July 1, 2019 through December 31, 2019. The second plan period is January 1, 2020 through June 30, 2020, resulting in a rollover from the period ended December 31, 2019 to the second plan period. ECA self-funds a portion of the Plan. ECA is liable up to $3,500 per employee coverage and $7,000 per employee family coverage, which is based on actual claims. The employee is then responsible for the next $1,500, after which all claims are 100% paid by Kaiser. The health reimbursement arrangement claims liabilities was $437,000 at June 30, 2020.

NOTE 11 – RETIREMENT PLANS

ECA has a defined contribution plan and incentive plan which cover all employees. Employees are eligible for participation in the defined contribution plan at the date of hire and ECA matches the employee contribution, after the completion of one year of service, up to a maximum of 6.0% of the employee's salary. In addition, employees are eligible for the incentive plan after the completion of one year of service where ECA contributes a discretionary amount of the employee's salary. For the year ended June 30, 2020, ECA did not contribute to the incentive plan. For the year ended June 30, 2019, ECA contributed between 0.5% to 1.0% of an employee's salary to the incentive plan. During the year ended June 30, 2020 and 2019, ECA contributed a total of $308,000 and $237,000, respectively, to the defined contribution plan.

NOTE 12 – CONTINUING CARE RESERVE REQUIREMENT

The State of California Health and Safety Code (the "Code") requires continuing care retirement communities to report on the adequacy of certain reserve requirements. MRCC met both the statutory and liquid reserve requirements at June 30, 2020 and 2019, and was exempt from the refund reserve requirement at June 30, 2020 and 2019.

In accordance with section 1790(a)(3) of the Code as of June 30, 2020, the amounts accumulated for projects designated to meet the needs of the MRCC residents are accumulated in construction progress (Note 4), and there are no amounts maintained for contingencies.

NOTE 13 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2020.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. ECA does not hold securities classified as Level 3.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020 and 2019 (in thousands):

	2020			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Equities	$ 10,872	$ 10,872	$ -	$ -
Fixed income securities				
U.S. agencies and treasuries	1,486	1,486	-	-
Corporate debt securities	1,583	-	1,583	-
Mortgage-backed securities	923	923	-	-
Mutual funds	2,708	2,708	-	-
Money market mutual funds	522	522	-	-
Certificates of deposit	2,033	2,033	-	-
Cash and cash equivalents	1,200	1,200	-	-
	$ 21,327	$ 19,744	$ 1,583	$ -
Investments	$ 15,375			
Assets limited as to use,				
Internally designated	10			
Externally restricted by security agreement	975			
Externally restricted by donor	4,967			
	$ 21,327			

	2019			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Equities	$ 10,596	$ 10,596	$ -	$ -
Fixed income securities				
U.S. agencies and treasuries	1,637	1,637	-	-
Corporate debt securities	1,641	-	1,641	-
Mortgage-backed securities	958	958	-	-
Mutual funds	2,601	2,601	-	-
Money market mutual funds	4,366	4,366	-	-
Certificates of deposit	2,032	2,032	-	-
Cash and cash equivalents	438	438	-	-
	$ 24,269	$ 22,628	$ 1,641	$ -
Investments	$ 17,590			
Assets limited as to use,				
Internally designated	167			
Externally restricted by security agreement	975			
Externally restricted by donor	5,537			
	$ 24,269			

NOTE 14 – SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for net patient and resident service revenue adjustments – Estimates of allowances for adjustments included in net patient and resident service revenue are described in Note 1.

Professional liability claims – Estimates related to the accrual for professional liability claims are described in Notes 1 and 10.

Workers' compensation claims – Estimates related to the accrual for workers' compensation claims are described in Notes 1 and 10.

Health reimbursement arrangement claims – Estimates related to the accrual for workers' compensation claims are described in Notes 1 and 10.

Investments – ECA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Asset retirement obligation – As discussed in Note 1, ECA has recorded a liability for its conditional asset retirement obligations related to asbestos removal at MRCC.

Current economic conditions – Due to the current regulatory environment and economic uncertainties, it is possible the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments.

COVID-19 pandemic – In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the ECA's operations.

Substantially all ECA employees are deemed to be essential. ECA's management has been closely monitoring the impact of COVID-19 on the ECA's operations, including the impact on its residents and employees. The duration and intensity of the pandemic is uncertain but may influence resident decisions, donor decisions, and may also negatively impact collections of the ECA's receivables.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Compliance – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that ECA is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions known or unasserted at this time.

Litigation – In the normal course of business, ECA is, from time to time, subject to allegations that may or do result in litigation. ECA evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

NOTE 16 – SUBSEQUENT EVENTS

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

ECA has evaluated subsequent events through October 22, 2020, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Elder Care Alliance and Subordinate Corporations
Consolidating Statement of Financial Position
June 30, 2020 (in thousands)

	ECA - Corporate	Mercy Retirement and Care Center	AlmaVia of Camarillo	AlmaVia of San Francisco	AlmaVia of San Rafael	AlmaVia of San Mateo	Eliminations	Total Consolidated
Current Assets								
Cash	$ 1,191	$ 4,734	$ 1,141	$ 1,823	$ 2,130	$ 874	$ -	$ 11,893
Patient and resident accounts receivable, net	-	1,048	-	107	70	(14)	-	1,211
Due from related parties	3,766	-	-	-	-	-	(3,766)	-
Prepaid expenses and other	548	94	34	101	138	5	-	920
Other receivables	57	832	7	1	-	176	-	1,073
Total current assets	5,562	6,708	1,182	2,032	2,338	1,041	(3,766)	15,097
Investments	5,431	9,183	-	-	761	-	-	15,375
Assets Limited As To Use								
Internally designated	10	-	-	-	-	-	-	10
Held by mortgagee under loan agreement								
Reserve for replacements	-	-	535	497	467	51	-	1,550
Escrow deposits	-	-	151	216	585	94	-	1,046
Externally restricted by security agreements	975	-	-	-	-	-	-	975
Externally restricted by donor	1,246	3,032	-	-	689	-	-	4,967
Total assets limited as to use	2,231	3,032	686	713	1,741	145	-	8,548
Property and Equipment, net	114	21,280	9,500	23,239	19,154	47,693	-	120,980
Other Assets								
Related-party note receivable	6,470	-	-	-	-	-	(6,470)	-
Other assets	17,095	60	-	-	-	-	(16,783)	372
Total other assets	23,565	60	-	-	-	-	(23,253)	372
Total assets	$ 36,903	$ 40,263	$ 11,368	$ 25,984	$ 23,994	$ 48,879	$ (27,019)	$ 160,372

June 30, 2020 (in thousands)

	ECA - Corporate	Mercy Retirement and Care Center	AlmaVia of Camarillo	AlmaVia of San Francisco	AlmaVia of San Rafael	AlmaVia of San Mateo	Eliminations	Total Consolidated
Current Liabilities								
Accounts payable	$ 212	$ 2,043	$ 190	$ 173	$ 111	$ 113	$ -	$ 2,842
Accrued expenses and other	970	1,335	352	719	669	363	-	4,408
Current maturities of long-term debt	-	167	259	757	717	485	-	2,385
Due to related parties	-	2,884	307	1,232	389	23	(4,835)	-
Total current liabilities	1,182	6,429	1,108	2,881	1,886	984	(4,835)	9,635
Related party Note Payable	-	-	1,519	3,882	-	-	(5,401)	-
Long-term Debt	-	2,923	9,977	31,262	27,410	29,066	-	100,638
Asset Retirement Obligations	-	590	-	-	-	-	-	590
Total liabilities	1,182	9,942	12,604	38,025	29,296	30,050	(10,236)	110,863
Net Assets								
Without donor restrictions	34,453	24,159	(1,250)	(12,092)	(6,001)	18,829	(16,783)	41,315
With donor restrictions	1,268	6,162	14	51	699	-	-	8,194
Total net assets	35,721	30,321	(1,236)	(12,041)	(5,302)	18,829	(16,783)	49,509
Total liabilities and net assets	$ 36,903	$ 40,263	$ 11,368	$ 25,984	$ 23,994	$ 48,879	$ (27,019)	$ 160,372

Elder Care Alliance and Subordinate Corporations
Consolidating Statement of Financial Position (Continued)
June 30, 2019 (in thousands)

	ECA - Corporate	Mercy Retirement and Care Center	AlmaVia of Camarillo	AlmaVia of San Francisco	AlmaVia of San Rafael	AlmaVia of San Mateo	Eliminations	Total Consolidated
Current Assets								
Cash	$ 745	$ 2,280	$ 1,505	$ 1,673	$ 2,252	$ 1,108	$ -	$ 9,563
Patient and resident accounts receivable, net	-	1,563	27	97	89	(23)	-	1,753
Due from related parties	3,975	-	-	-	-	-	(3,975)	-
Prepaid expenses and other	243	96	111	126	200	442	-	1,218
Other receivables	112	408	3	8	3	3	-	537
Total current assets	5,075	4,347	1,646	1,904	2,544	1,530	(3,975)	13,071
								-
Investments	5,191	11,824	-	-	575	-	-	17,590
Assets Limited As To Use								
Internally designated	167	-	-	-	-	-	-	167
Held by mortgagee under loan agreement								
Reserve for replacements	-	-	483	450	429	51	-	1,413
Escrow deposits	-	-	81	139	554	119	-	893
Externally restricted by security agreements	975	-	-	-	-	-	-	975
Externally restricted by donor	1,222	3,487	-	-	828	-	-	5,537
Total assets limited as to use	2,364	3,487	564	589	1,811	170	-	8,985
Property and Equipment, Net	126	12,483	9,682	23,916	19,760	47,813	-	113,780
Other Assets								
Related-party note receivable	6,327	-	-	-	-	-	(6,327)	-
Other assets	17,096	-	-	-	-	-	(16,783)	313
Total other assets	23,423	-	-	-	-	-	(23,110)	313
Total assets	$ 36,179	$ 32,141	$ 11,892	$ 26,409	$ 24,690	$ 49,513	$ (27,085)	$ 153,739

June 30, 2019 (in thousands)

	ECA - Corporate	Mercy Retirement and Care Center	AlmaVia of Camarillo	AlmaVia of San Francisco	AlmaVia of San Rafael	AlmaVia of San Mateo	Eliminations	Total Consolidated
Current Liabilities								
Accounts payable	$ 367	$ 653	$ 100	$ 263	$ 195	$ 124	$ -	$ 1,702
Accrued expenses and other	718	768	279	454	472	321	-	3,012
Current maturities of long-term debt	-	-	251	730	692	463	-	2,136
Due to related parties	-	1,691	608	1,046	740	400	(4,485)	-
Total current liabilities	1,085	3,112	1,238	2,493	2,099	1,308	(4,485)	6,850
Related party Note Payable	-	-	1,935	3,882	-	-	(5,817)	-
Long-term Debt	-	(330)	10,222	31,981	28,122	29,524	-	99,519
Asset Retirement Obligations	-	810	-	-	-	-	-	810
Total liabilities	1,085	3,592	13,395	38,356	30,221	30,832	(10,302)	107,179
Net Assets								
Without donor restrictions	33,785	23,426	(1,509)	(12,030)	(6,364)	18,681	(16,783)	39,206
With donor restrictions	1,309	5,123	6	83	833	-	-	7,354
Total net assets	35,094	28,549	(1,503)	(11,947)	(5,531)	18,681	(16,783)	46,560
Total liabilities and net assets	$ 36,179	$ 32,141	$ 11,892	$ 26,409	$ 24,690	$ 49,513	$ (27,085)	$ 153,739

Elder Care Alliance and Subordinate Corporations
Consolidating Statement of Activities Information
June 30, 2020 (in thousands)

	ECA - Corporate	Mercy Retirement and Care Center	AlmaVia of Camarillo	AlmaVia of San Francisco	AlmaVia of San Rafael	AlmaVia of San Mateo	Eliminations	Total Consolidated
Revenues, Gains, and Other Support								
Monthly rent	$ -	$ -	$ 5,151	$ 9,302	$ 8,945	$ 3,881	$ -	$ 27,279
Net health services	404	15,629	1,110	1,865	1,786	419	-	21,213
Other resident services	-	344	71	262	222	-	-	899
Contributions	-	363	-	17	-	-	-	380
Other revenue, net	3,403	-	-	-	-	-	(3,346)	57
Net assets released from restriction	177	1,431	19	147	197	-	-	1,971
Total revenues, gains, and other support	3,984	17,767	6,351	11,593	11,150	4,300	(3,346)	51,799
Expenses and Losses								
Salaries and benefits	4,226	9,847	3,135	6,084	4,990	545	-	28,827
Purchased services and other	(164)	3,894	1,276	1,841	1,765	1,447	-	10,059
Supplies	20	1,508	415	661	635	8	-	3,247
Depreciation and amortization	35	898	437	937	1,042	618	-	3,967
Interest and fees	-	-	335	1,279	1,033	1,427	-	4,074
Provision for uncollectible accounts	-	-	-	-	-	-	-	-
Loss on disposal of property and equipment	-	-	-	2	-	-	-	2
Management fee	-	1,178	412	747	716	107	(3,160)	-
Intercompany expense	-	-	82	104	-	-	(186)	-
Total expenses and losses	4,117	17,325	6,092	11,655	10,181	4,152	(3,346)	50,176
Operating (Loss) Income	(133)	442	259	(62)	969	148	-	1,623
Other Income								
Investment return, net of investment expenses	175	291	-	-	20	-	-	486
Miscellaneous Income	-	-	-	-	-	-	-	-
Total other income	175	291	-	-	20	-	-	486
Excess (Deficiency) of Revenues Over Expenses	$ 42	$ 733	$ 259	$ (62)	$ 989	$ 148	$ -	$ 2,109

Elder Care Alliance and Subordinate Corporations
Consolidating Statement of Activities Information (Continued)
June 30, 2019 (in thousands)

	ECA - Corporate	Mercy Retirement and Care Center	AlmaVia of Camarillo	AlmaVia of San Francisco	AlmaVia of San Rafael	AlmaVia of San Mateo	Eliminations	Total Consolidated
Revenues, Gains, and Other Support								
Monthly rent	$ -	$ -	$ 5,259	$ 9,039	$ 8,924	$ 3,783	$ -	$ 27,005
Net health services	484	15,658	1,127	1,853	2,054	455	-	21,631
Other resident services	-	152	51	287	281	1	-	772
Contributions	1	41	6	112	-	-	-	160
Other revenue, net	3,247	-	-	-	-	-	(3,169)	78
Net assets released from restriction	291	1,486	15	288	147	-	-	2,227
Total revenues, gains, and other support	4,023	17,337	6,458	11,579	11,406	4,239	(3,169)	51,873
								-
Expenses and Losses								
Salaries and benefits	3,576	9,325	2,983	5,465	4,602	481	-	26,432
Purchased services and other	(45)	4,377	1,180	1,831	1,989	235	-	9,567
Supplies	34	1,529	392	579	658	29	-	3,221
Depreciation and amortization	58	872	428	900	964	902	-	4,124
Interest and fees	14	-	405	1,346	1,058	1,441	-	4,264
Management fee	-	1,185	419	727	732	106	(3,169)	-
Total expenses and losses	3,637	17,288	5,807	10,848	10,003	3,194	(3,169)	47,608
Operating Income	386	49	651	731	1,403	1,045	-	4,265
Other Income								
Investment return, net of investment expenses	175	(18)	-	-	-	-	-	157
Total other income (loss)	175	(18)	-	-	-	-	-	157
Excess of Revenues Over Expenses	$ 561	$ 31	$ 651	$ 731	$ 1,403	$ 1,045	$ -	$ 4,422

June 30, 2020 (in thousands)

	ECA - Corporate		Mercy Retirement and Care Center		AlmaVia of Camarillo		AlmaVia of San Francisco	
	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions
BALANCE, July 1, 2019	$ 33,785	$ 1,309	$ 23,426	$ 5,123	$ (1,509)	$ 6	$ (12,030)	$ 83
Excess of revenues over expenses	42	-	733	-	259	-	(62)	-
Transfers from affiliate	626	-	-	-	-	-	-	-
Donor-restricted contributions	-	94	-	2,353	-	27	-	115
Investment return, net of investment expenses	-	42	-	117	-	-	-	-
Net assets released from restrictions	-	(177)	-	(1,431)	-	(19)	-	(147)
BALANCE, June 30, 2020	$ 34,453	$ 1,268	$ 24,159	$ 6,162	$ (1,250)	$ 14	$ (12,092)	$ 51

	AlmaVia of San Rafael		Villa at San Mateo		Elimination		Total Consolidated	
	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions
BALANCE, July 1, 2019	$ (6,364)	$ 833	$ 18,681	$ -	$ (16,783)	$ -	$ 39,206	$ 7,354
Excess of revenues over expenses	989	-	148	-	-	-	2,109	-
Transfers from affiliate	(626)	-					-	-
Donor-restricted contributions	-	35	-	-	-	-	-	2,624
Investment return, net of investment expenses	-	28	-	-	-	-	-	187
Net assets released from restrictions	-	(197)	-	-	-	-	-	(1,971)
BALANCE, June 30, 2020	$ (6,001)	$ 699	$ 18,829	$ -	$ (16,783)	$ -	$ 41,315	$ 8,194

June 30, 2019 (in thousands)

	ECA - Corporate		Mercy Retirement and Care Center		AlmaVia of Camarillo		AlmaVia of San Francisco	
	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions
BALANCE, July 1, 2018	$ 32,327	$ 1,227	$ 23,395	$ 4,712	$ (2,160)	$ 7	$ (12,761)	$ 7
Excess of revenues over expenses	561	-	31	-	651	-	731	-
Transfers from affiliate	897	-	-	-	-	-	-	-
Donor-restricted contributions	-	256	-	1,553	-	14	-	364
Investment return, net of investment expenses	-	117	-	344	-	-	-	-
Net assets released from restrictions	-	(291)	-	(1,486)	-	(15)	-	(288)
BALANCE, June 30, 2019	$ 33,785	$ 1,309	$ 23,426	$ 5,123	$ (1,509)	$ 6	$ (12,030)	$ 83

	AlmaVia of San Rafael		Villa at San Mateo		Elimination		Total Consolidated	
	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions	Net assets without donor restrictions	Net assets with donor restrictions
BALANCE, July 1, 2018	$ (6,870)	$ 866	$ 17,636	$ -	$ (16,783)	$ -	$ 34,784	$ 6,819
Excess of revenues over expenses	1,403	-	1,045	-	-	-	4,422	-
Transfers from affiliate	(897)	-	-	-	-	-	-	-
Donor-restricted contributions	-	35	-	-	-	-	-	2,222
Investment return, net of investment expenses	-	79	-	-	-	-	-	540
Net assets released from restrictions	-	(147)	-	-	-	-	-	(2,227)
BALANCE, June 30, 2019	$ (6,364)	$ 833	$ 18,681	$ -	$ (16,783)	$ -	$ 39,206	$ 7,354

Elder Care Alliance and Subordinate Corporations
Supplemental Schedules of Cash Flows – Mercy Retirement and Care Center
Year Ended June 30, 2020 and 2019 (in thousands)

	2020	2019
Cash Flows from Operating Activities		
Cash received from noncontract residents	$ 16,144	$ 15,318
Contributions	363	41
Cash received from other resident services	344	152
Cash received from interest	349	382
Cash received from (paid to) related parties	15	(1,263)
Cash paid to suppliers and employees	(14,165)	(15,086)
Net cash provided by (used in) operating activities	3,050	(456)
Cash Flows from Investing Activities		
Purchases of investments	1,671	(5,161)
Proceeds from sale of investments, and assets	3,500	8,982
Purchases of property and equipment	(8,909)	(4,828)
Payments to remediate asset retirement obligation	(191)	-
Change in investment in affiliate	-	867
Net cash used in investing activities	(3,929)	(140)
Cash Flows from Financing Activities		
Proceeds from restricted contributions and investment income	2,046	1,553
Proceeds from long-term debt	3,420	-
Payment of debt issuance costs	-	(330)
Net cash provided by financing activities	5,466	1,223
Change in cash, cash equivalents, and restricted cash	4,587	627
Cash, cash equivalents, and restricted cash beginning of year	2,435	1,808
Cash, cash Equivalents, and restricted cash end of year	$ 7,022	$ 2,435
Reconciliation of Cash, cash equivalents, and restricted cash to consolidating statements of financial position		
Cash and cash equivalents	$ 4,734	$ 2,280
Cash and cash equivalents externally restricted by donor	2,288	155
Total cash, cash equivalents, and restricted cash	$ 7,022	$ 2,435
Reconciliation of Changes in Net Assets to Net Cash provided by (used in) operating activities		
Change in net assets without donor restrictions	$ 733	$ 31
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and accretion	898	918
Unrealized gains on investments, net	58	400
Release from restriction	(1,431)	(1,486)
Changes in certain current assets and liabilities:		
Patient accounts receivable	515	(340)
Prepaid expenses and other	2	3
Other assets	(60)	-
Accounts payable	575	54
Accrued expenses and other	567	42
Net change in intercompany and investment in affiliate	1,193	(78)
Net cash provided by (used in) operating activities	$ 3,050	$ (456)
Supplemental Cash-flow Information		
Property and equipment acquisitions included in accounts payable	$ 815	$ 50

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