Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

Elder Care Alliance and Subordinate Corporations

June 30, 2021 and 2020

MOSSADAMS

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Report of Independent Auditors

To the Board of Directors
Elder Care Alliance and Subordinate Corporations

Report on the 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, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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, 2021 and 2020, 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.

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 and consolidating statements of activities information, 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
November 1, 2021

Consolidated Financial Statements

Elder Care Alliance and Subordinate Corporations
Consolidated Statements of Financial Position
June 30, 2021 and 2020
(In Thousands)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 18,026	$ 11,893
Patient and resident accounts receivable	1,807	1,211
Pledge and other receivables	1,836	1,073
Prepaid expenses and other assets	1,065	920
Total current assets	22,734	15,097
INVESTMENTS	18,086	15,375
ASSETS LIMITED AS TO USE		
Internally designated	-	10
Held by mortgagee under loan agreement:		
Reserve for replacements	1,687	1,550
Escrow deposits	1,081	1,046
Externally restricted by security agreements	975	975
Restricted by donor (Note 8)	6,144	4,967
Total assets limited as to use	9,887	8,548
PROPERTY AND EQUIPMENT, net	129,651	120,980
OTHER ASSETS	422	372
Total assets	$ 180,780	$ 160,372

See accompanying notes.

Elder Care Alliance and Subordinate Corporations
Consolidated Statements of Financial Position (Continued)
June 30, 2021 and 2020
(In Thousands)

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 3,356	$ 2,842
Accrued expenses and other current liabilities	5,090	4,408
Current maturities of long-term debt	2,755	2,385
Total current liabilities	11,201	9,635
LONG-TERM DEBT	114,360	100,638
ASSET RETIREMENT OBLIGATIONS	169	590
Total liabilities	125,730	110,863
NET ASSETS		
Without donor restrictions	43,341	41,315
With donor restrictions	11,709	8,194
Total net assets	55,050	49,509
Total liabilities and net assets	$ 180,780	$ 160,372

Elder Care Alliance and Subordinate Corporations
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021
(In Thousands)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORTS			
Monthly rent	$ 29,507	$ -	$ 29,507
Net health services revenue	15,352	-	15,352
In-kind food contributions	3,667	-	3,667
Provider relief funds	1,431	-	1,431
Other resident services revenue	470	-	470
Other revenue, net	16	-	16
Net assets released from restrictions for operations	1,724	(1,724)	-
Total revenues, gains, and other support	52,167	(1,724)	50,443
EXPENSES AND LOSSES			
Salaries and benefits	29,006	-	29,006
Purchased services and other	10,124	-	10,124
Donated food	3,667	-	3,667
Supplies	3,266	-	3,266
Depreciation and amortization	4,452	-	4,452
Interest and fees	4,190	-	4,190
Total expenses and losses	54,705	-	54,705
OPERATING LOSS	(2,538)	(1,724)	(4,262)
OTHER INCOME			
Contributions	423	4,844	5,267
Investment return, net of investment expenses	3,244	1,292	4,536
Total other income	3,667	6,136	9,803
EXCESS OF REVENUES OVER EXPENSES	1,129	4,412	5,541
NET ASSETS RELEASED FROM RESTRICTION FOR BUILDING IMPROVEMENTS AND EQUIPMENT	897	(897)	-
CHANGES IN NET ASSETS	2,026	3,515	5,541
NET ASSETS, beginning of year	41,315	8,194	49,509
NET ASSETS, end of year	$ 43,341	$ 11,709	$ 55,050

See accompanying notes.

Elder Care Alliance and Subordinate Corporation
Consolidated Statement of Activities and Changes in Net Assets (Continued)
Year Ended June 30, 2020
(In Thousands)

	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 revenue	21,213	-	21,213
In-kind food contributions	2,700	-	2,700
Provider relief funds	16	-	16
Other resident services revenue	883	-	883
Other revenue, net	57	-	57
Net assets released from restrictions for operations	1,971	(1,971)	-
Total revenues, gains, and other support	54,119	(1,971)	52,148
EXPENSES AND LOSSES			
Salaries and benefits	28,827	-	28,827
Purchased services and other	10,059	-	10,059
Donated food	2,700	-	2,700
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	52,876	-	52,876
OPERATING GAIN (LOSS)	1,243	(1,971)	(728)
OTHER INCOME			
Contribution revenue	380	2,624	3,004
Investment return, net of investment expense	486	187	673
Total other income	866	2,811	3,677
EXCESS OF REVENUES OVER EXPENSES	2,109	840	2,949
CHANGES IN NET ASSETS	2,109	840	2,949
NET ASSETS, beginning of year	39,206	7,354	46,560
NET ASSETS, end of year	$ 41,315	$ 8,194	$ 49,509

Elder Care Alliance and Subordinate Corporation
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 5,541	$ 2,949
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	4,456	3,967
Amortization of deferred debt issuance costs	79	82
Depletion of asset retirement obligations	(5)	(29)
Interest capitalized	(173)	-
Contributions restricted for buildings and equipment	(1,303)	(449)
Unrealized (gains) losses on investments	(1,471)	39
In-kind food contributions	(3,667)	(2,700)
Distribution of food received in-kind	3,667	2,700
Changes in operating assets and liabilities:		
Patient and resident accounts receivable	(600)	542
Pledge and other receivables	(695)	(536)
Prepaid expenses and other assets	(218)	239
Other assets	(40)	-
Accounts payable	511	325
Accrued expenses and other current liabilities	682	1,396
Asset retirement obligations	(416)	(191)
Net cash provided by operating activities	6,348	8,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, and assets limited as to use	(4,395)	(1,608)
Proceeds from sale of investments and assets limited as to use	1,988	4,511
Purchases of property and equipment	(12,954)	(10,354)
Net cash used in investing activities	(15,361)	(7,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in buildings and equipment	1,303	449
Payment of debt issuance costs	(157)	(20)
Proceeds from construction note payable	11,424	3,437
Principal paid on mortgage payable	(2,218)	(2,131)
Proceeds from issuance of notes payable	4,966	-
Net cash provided by financing activities	15,318	1,735
CHANGES IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	6,305	2,620
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	14,489	11,869
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 20,794	$ 14,489

 See accompanying notes.

(In Thousands)

	2021	2020
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and cash equivalents	$ 18,026	$ 11,893
Restricted cash - reserve for replacements	1,687	1,046
Restricted cash - escrow deposits	1,081	1,550
Total cash, cash equivalents, and restricted cash, end of year	$ 20,794	$ 14,489
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 4,111	$ 4,018
Property and equipment acquisitions included in accounts payable	$ 780	$ 815

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 non-institutional 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 166 units licensed as residential care, including a 22-unit memory 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.

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 collectively referred to 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 – Cash and cash equivalents includes cash on hand and cash held in demand deposit, sweep, savings accounts, certain assets in highly liquid instruments with original maturities of three months or less.

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.

Pledge and other receivables – Pledges and other receivables consist 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") 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 net assets without donor restriction. Other investment return is reflected in the statements of activities and changes in net assets as without and with donor restriction 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 6(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 contributions with donor restrictions. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when expenditures for construction in progress or property and equipment are incurred which satisfy donor restrictions.

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, 2021 and 2020.

Asset retirement obligations – Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 410-20, *Asset Retirement and Environmental Obligations—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 $608,000 in asset retirement obligations since 2019. As of June 30, 2021 and 2020, MRCC recognized approximately $169,000 and $590,000, respectively, of conditional asset retirement obligations included in the consolidated statements of financial position. During the years ended June 30, 2021 and 2020, there were reductions of the asset retirement obligations, which resulted in a total accretion expense for the years then ended. Depletion expense of the asset retirement obligation totaled approximately $5,000 and $29,000 for the years ended June 30, 2021 and 2020, respectively.

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 11.

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 11.

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 11.

Derivative instruments – ECA has several derivative instruments, which include three interest rate swaps (see Note 6(F), (G), and (H)). The swap agreements will be effective in March 2022 and will be recorded on the consolidated statements of financial position at fair value. As the derivatives do not qualify as effective hedges, the changes in fair value of the derivatives will be recognized in the consolidated statements 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 currently has no contracts with an 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. There were no obligations as of June 30, 2021 and 2020.

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. At June 30, 2021 and 2020, there are no board designated net assets.

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 building renovations, resident assistance, certain aspects of operations, and food distribution to low income seniors. 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 monthly lease payments for independent living, assisted living and memory care to be for the monthly rent of the apartment, as other services such as net health services revenue and other resident services revenue are reported separately. ECA will therefore recognize monthly rent as lease income under ASC 840, *Leases*. ECA further determined that net health services and other resident services revenue 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 606, *Revenue from Contracts with Customers*.

Net health services 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 services revenues are recognized as performance obligations are satisfied.

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

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 nursing revenues are recognized on a daily basis.

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.

Ancillary – Ancillary revenues are primarily derived from providing medication, physical and occupational therapy, and medical supplies to skilled nursing residents. Ancillary revenue for net health services are recognized as services are rendered.

Other resident services revenue includes revenues from housekeeping, laundry, transportation, personal supplies, and other revenues from residents. ECA has determined that other resident services revenue is 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, 2021 and 2020:

	2021									
	Independent Living		Assisted Living / Memory Care		Skilled Nursing		Ancillary		Total	
Monthly rent	$	3,907	$	25,600	$	-	$	-	$	29,507
Net health services revenue		-		5,443		8,068		1,841		15,352
Other resident services revenue		-		-		-		470		470
	$	3,907	$	31,043	$	8,068	$	2,311	$	45,329

	2020									
	Independent Living		Assisted Living		Skilled Nursing		Ancillary		Total	
Monthly rent	$	3,881	$	23,398	$	-	$	-	$	27,279
Net health services revenue		-		4,595		13,563		3,055		21,213
Other resident services revenue		-		-		-		883		883
	$	3,881	$	27,993	$	13,563	$	3,938	$	49,375

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 revenue for assisted living and memory care are billed to residents monthly in advance and are amortized ratably during the month. Net health services for skilled nursing and ancillary are billed in arears. Other resident services revenue is generally billed monthly in arrears.

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

MRCC has agreements with third-party payors that provide for payments for skilled nursing 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 $3,865,000 and $2,488,000, respectively, for the year ended June 30, 2021, and approximately $2,851,000 and $2,727,000, respectively, for the year ended June 30, 2020. 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 the published rate for services or monthly service fees. The amount of charitable care discounts is included in monthly rent. The total charitable care discounts funded by releases from restriction for the years ended June 30, 2021 and 2020, were approximately $466,000 and $1,003,000, 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.

Contributions in-kind – MCRR recognizes in-kind contributions for food received from the Alameda County Community Food Bank, which includes support from the United States Department of Agriculture, as well as other food banks, in support of MRCC's Brown Bag Program, which provides food distribution to low income seniors. Donated government food was valued at an average of $1.67 and $1.62 per pound for the years ended June 30, 2021 and 2020, respectively. This valuation is based on a study conducted for Feeding America.

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 net asset without donor restriction, 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.

Property taxes – AVC, AVSF, AVSR, VSM, and MRCC have filed and received an exemption from certain property taxes in accordance with Section 214 of the California Code.

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 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, which is the fiscal year ending June 30, 2023, for ECA. ECA's management is currently evaluating the impact of adoption on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)* (“ASU 2018-13”), to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles that are most important to users of financial statements through the removal, modification, and addition of disclosure requirements. The new standard was adopted by ECA for the fiscal year ended June 30, 2021. The adoption did not have a material impact on the consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform – Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)* (“ASU No. 2020-04”), due to concerns about structural risks of interbank offered rates, such as the risk of cessation of the London Interbank Offered Rate (“LIBOR”), regulators around the world have undertaken reference rate reform initiatives to identify alternative reference rates. This standard update provides optional expedients and exceptions to application of GAAP to contracts, hedging relationships, and other transactions that reference LIBOR for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. An entity may make a one-time election to sell or transfer debt securities classified as held-to-maturity that reference a rate affected by reference rate reform. ECA’s management is currently evaluating the impact of adoption on the consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* (“ASU No. 2020-07”), to present contributed assets as a single line item in the statement of activities, apart from contributions of cash and other financial assets. Applied on a retrospective basis and effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022, which is the fiscal year ending June 30, 2022, for ECA. ECA’s management is currently evaluating the impact of adoption on the consolidated financial statements.

NOTE 2 – COVID-19 PANDEMIC

ECA, along with most other healthcare providers across the United States, has experienced operational challenges related to the outbreak of the COVID-19 pandemic. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and on March 13, 2020, the President of the United States declared a national emergency as a result of the pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was signed into law, which aimed to direct economic assistance for American workers, families, and small business, and preserve jobs for American industries.

Provider Relief Funds – The COVID-19 pandemic impacted all healthcare providers throughout the health system. The CARES Act requires the amount of funding received to be validated, which requires management to quantify lost revenues and increased expenses associated with the pandemic for Provider Relief Funds (“PRF”). ECA has recognized revenue associated with the PRF funding according to the terms and conditions of the CARES Act, and as grant revenue under FASB ASC 958-605. Grant revenue attributable to PRF funding totaled approximately $1,431,000 and $16,000 for the years ended June 30, 2021 and 2020, respectively, and is included on the statements of activities and changes in net assets. Refunding of amounts received may be required by the CARES Act if a receiving entity is unable to quantify the financial losses intended to be covered by funding. ECA continues to reconcile and analyze its lost revenue and increased expenses based on known reporting guidance.

Paycheck Protection Program – Section 1109 of the CARES Act temporarily adds the Paycheck Protection Program ("PPP") to the Small Business Association's ("SBA") 7(a) Loan Program. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans guarantees under PPP. On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act ("Economic Aid Act") was signed into law, which extended the ability to entities to apply for PPP loans and revised certain PPP requirements.

Under the requirements of the CARES Act, as amended, proceeds may only be used for ECA's eligible payroll costs (with salary capped at $100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the eight-week period following disbursement. The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the eight-week period following disbursement. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA.

The PPP loans are accounted for as debt instruments in accordance with ASC 470, *Debt*, (see Note 6(I)). All the proceeds of the PPP Loan were used by ECA to pay eligible payroll costs and ECA maintained its headcount and otherwise complied with the terms of the PPP Loan. While ECA believes that it has acted in compliance with the program and will seek forgiveness of the PPP Loan, no assurance can be provided that ECA will obtain forgiveness of the PPP Loan in whole or in part.

Payroll Tax Deferral Program – Section 2302 of the CARES Act allows employers to defer the deposit and payment of the employer's share of Social Security taxes. The payroll tax deferral period began March 27, 2020 and ended December 31, 2020. ECA has deferred payroll taxes, included in accrued expenses and other current liabilities in the statement of financial position of approximately $819,000 as of June 30, 2021. Repayment of deferred payroll taxes begins on December 31, 2021, at which point 50% of the deferred amount is due. The remaining 50% of deferred payroll taxes is due by December 31, 2022.

The impact of COVID-19 has increased the uncertainty associated with management's assumptions and estimates made on these consolidated financial statements. The actual impact of COVID-19 on ECA's consolidated financial statements may differ significantly from the assumptions and estimates made for the year ended June 30, 2021.

NOTE 3 – 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, 2021 and 2020 was:

	2021	2020
Medicare	21%	18%
Medi-Cal	30%	42%
Other third-party payors	18%	19%
Self pay	31%	21%
	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. At June 30, 2021, ECA's cash accounts exceeded federally insured limits by approximately $14,933,000.

NOTE 4 – INVESTMENTS, ASSETS LIMITED AS TO USE, AND INVESTMENT RETURN

Composition of investments and assets limited as to use at June 30, 2021 and 2020, are summarized in the following table (in thousands):

	2021	2020
Equities	$ 13,747	$ 10,872
Fixed income securities:		
U.S. agencies and treasuries	1,159	1,486
Corporate debt securities	1,472	1,583
Mortgage-backed securities	592	923
Mutual funds	3,374	2,708
Cash and cash equivalents:		
Money market mutual funds	636	522
Cash and cash equivalent	2,646	1,200
Certificates of deposit	1,579	2,033
Replacement reserve and escrow deposits held by mortgagee under loan agreement	2,768	2,596
	$ 27,973	$ 23,923

Investments and assets limited as to use reflected in the consolidated statements of financial position were as follows (in thousands):

	2021	2020
Investments	$ 18,086	$ 15,375
Assets limited as to use:		
Internally designated	-	10
Held by mortgagee under loan agreement:		
Reserve for replacements	1,687	1,550
Escrow deposits	1,081	1,046
Externally restricted by security agreements	975	975
Restricted by donor (Note 8)	6,144	4,967
Total assets limited as to use	9,887	8,548
	$ 27,973	$ 23,923

Total investment return at June 30, 2021 and 2020, was comprised of the following (in thousands):

	2021	2020
Investment return, net		
Interest and dividend income	$ 617	$ 598
Realized gains	2,588	234
Unrealized gains (losses)	1,471	(39)
Less: investment expenses	(140)	(120)
	$ 4,536	$ 673

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

	2021	2020
Net assets without donor restrictions		
Investment return, net of investment expenses	$ 3,244	$ 486
Net assets with donor restrictions		
Investment return, net of investment expenses	1,292	187
	$ 4,536	$ 673

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Land	$ 31,478	$ 31,478
Land lease	9,748	9,748
Land improvements	2,309	325
Buildings and leasehold improvements, building improvements, and building service equipment	116,238	93,362
Equipment	7,744	7,565
	167,517	142,478
Less: accumulated depreciation	(40,734)	(37,223)
Construction in progress	2,868	15,725
	$ 129,651	$ 120,980

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 $2,284,000 and $2,181,000 at June 30, 2021 and 2020, respectively, and a net land lease balance at June 30, 2021 and 2020 of $5,814,000 and $5,916,000, 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 $571,000 and $535,000 at June 30, 2021 and 2020, respectively, and a net land lease balance at June 30, 2021 and 2020 of $1,079,000 and $1,115,000, respectively.

At June 30, 2021, ECA's construction in progress balance of $2,868,000 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 $16,563,000 additional costs to complete.

As described in Note 6, portions of the above property and equipment were pledged as collateral on ECA's long-term debt. Interest capitalized during 2021 and 2020 was $173,000 and $0, respectively.

NOTE 6 – LONG-TERM DEBT

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

	2021	2020
AVC promissory note payable ("A")	$ 10,343	$ 10,602
AVSF promissory note payable ("B")	32,251	33,008
AVSR promissory note payable ("C")	27,530	28,248
VSM promissory note payable ("D")	29,224	29,709
MRCC BBVA Construction Loan ("E," "F," "G," "H,")	14,860	3,437
PPP loans payable ("I")	4,966	-
	119,174	105,004
Less: unamortized debt issuance costs	(2,059)	(1,981)
Less: current maturities	(2,755)	(2,385)
	$ 114,360	$ 100,638

(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, 2021, 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.

(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.

(I) ECA entered into five PPP loans totaling $4,966,000 with a financial institution on dates from February 22, 2021 through March 24, 2021. The loans accrue interest at a rate of 1%, starting 10 months and 24 weeks after the loan is distributed. The loans have an original maturity date of 5 years from the original date. Equal monthly principal and interest payments are required in an amount that would fully amortize the loan by the maturity date beginning March 22, 2022 through April 26, 2022, unless forgiven.

Unamortized debt issuance costs of $2,059,000 and $1,981,000 at June 30, 2021 and 2020, 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, 2021 are as follows (in thousands):

Year Ending June 30,	
2022	$ 2,755
2023	3,777
2024	3,907
2025	4,029
2026	4,157
Thereafter	100,549
	$ 119,174

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of donor restricted contributions and grants at June 30, 2021 and 2020, for the following purposes (in thousands):

	2021	2020
Building renovations and equipment	$ 4,281	$ 2,351
Charitable care and other	2,682	1,617
Food distribution to low income seniors	1,099	579
Endowment corpus	3,647	3,647
	$ 11,709	$ 8,194

During the years ended June 30, 2021 and 2020, approximately $2,621,000 and $1,971,000, 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 8 – 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, 2021 and 2020, were as follows (in thousands):

	2021		
	Available for Release	Corpus	Total
Donor-restricted endowment funds	$ 2,497	$ 3,647	$ 6,144

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

Changes in endowment net assets for the years ended June 30, 2021 and 2020, were as follows (in thousands):

	2021		
	Available for Release	Corpus	Total
Endowment net assets, beginning of year	$ 1,320	$ 3,647	$ 4,967
Investment return, net			
Investment gain	1,417	-	1,417
Net appreciation	198	-	198
Less: investment manager expense	(112)	-	(112)
Total investment return	1,503	-	1,503
Appropriation of endowment assets for expenditure	(326)	-	(326)
Endowment net assets, end of year	$ 2,497	$ 3,647	$ 6,144

	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

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, 2021 and 2020.

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 9 – 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, 2021 and 2020, comprise the following (in thousands):

	2021	2020
Cash	$ 18,026	$ 11,893
Patient and resident accounts receivable	1,807	1,211
Investments	18,086	15,375
	$ 37,919	$ 28,479

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 10 – 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, 2021 and 2020, were as follows:

	2021						
	Residential Services	Assisted Living / Memory Care	Skilled Nursing	Brown Bag Program	Fundraising	General and Administrative	Total
Salaries and benefits	$ 5,917	$ 12,360	$ 4,932	$ 463	$ 310	$ 5,024	$ 29,006
Purchased services and other	3,066	2,390	1,742	86	21	2,819	10,124
Donated food	-	-	-	3,667	-	-	3,667
Supplies	230	1,806	771	383	6	70	3,266
Depreciation	4,413	-	-	-	-	39	4,452
Interest and fees	-	-	-	-	-	4,190	4,190
	$ 13,626	$ 16,556	$ 7,445	$ 4,599	$ 337	$ 12,142	$ 54,705

	2020						
	Residential Services	Assisted Living / Memory Care	Skilled Nursing	Brown Bag Program	Fundraising	General and Administrative	Total
Salaries and benefits	$ 6,628	$ 13,845	$ 3,666	$ 350	$ 689	$ 3,649	$ 28,827
Purchased services and other	4,347	3,389	1,242	68	73	940	10,059
Donated food	-	-	-	2,700	-	-	2,700
Supplies	280	2,198	507	237	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	$ 19,432	$ 5,415	$ 3,355	$ 768	$ 8,720	$ 52,876

NOTE 11 – PROFESSIONAL, WORKERS' COMPENSATION, AND HEALTH REIMBURSEMENT ARRANGEMENT LIABILITY CLAIMS

Professional 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.

Workers' compensation claims – 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 statements of financial position. Management recognizes an estimated liability based upon the historical claims experience within stop-loss coverage limits. Workers' compensation claims liabilities included in accrued expense and other on the statements of financial position were $591,000 and $265,000 at June 30, 2021 and 2020, respectively. Insurance recovery receivables included in other receivables on the statements of financial position were $287,000 and $265,000 at June 30, 2021 and 2020, respectively.

Health reimbursement arrangement – ECA purchases a high deductible health and dental insurance plan for ECA employees on a calendar year basis. ECA has a commitment to fund $3,500 per employee to a health savings account, which was increased to $5,500 per employee on July 1, 2021. ECA estimates the remaining utilization of the health reimburse arrangement based on historical experience of claims paid from the ECA employee's health savings account. The remaining estimated health reimbursement accrued expense is included in accrued expenses and other current liabilities in the accompanying statements of financial position was approximately $320,000 and $437,000 at June 30, 2021 and 2020, respectively.

NOTE 12 – 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 years ended June 30, 2021 and 2020, ECA did not contribute to the incentive plan. During the years ended June 30, 2021 and 2020, ECA contributed a total of $344,000 each year to the defined contribution plan.

NOTE 13 – 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, 2021 and 2020, and was exempt from the refund reserve requirement at June 30, 2021 and 2020.

In accordance with section 1790(a)(3) of the Code as of June 30, 2021, the amounts accumulated for projects designated to meet the needs of the MRCC residents are accumulated in construction progress (see Note 4), and there are no amounts maintained for contingencies.

NOTE 14 – 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 years ended June 30, 2021 and 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 Levels 1 or 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 certain 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, 2021 and 2020 (in thousands):

	2021			
	Fair Value	Level 1	Level 2	Level 3
Equities	$ 13,747	$ 13,747	$ -	$ -
Fixed income securities:				
U.S. agencies and treasuries	1,159	1,159	-	-
Corporate debt securities	1,472	-	1,472	-
Mortgage-backed securities	592	592	-	-
Mutual funds	3,374	3,374	-	-
Money market mutual funds	636	636	-	-
Certificates of deposit	1,579	1,579	-	-
Cash and cash equivalents	2,646	2,646	-	-
	$ 25,205	$ 23,733	$ 1,472	$ -
Investments	$ 18,086			
Assets limited as to use:				
Internally designated	-			
Externally restricted by security agreement	975			
Restricted by donor (Note 8)	6,144			
	$ 25,205			

	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			
Restricted by donor (Note 8)	4,967			
	$ 21,327			

NOTE 15 – SIGNIFICANT ESTIMATES, CONCENTRATIONS, AND CONTINGENCIES

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

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.

Implicit and explicit price concessions for net health services revenue – Implicit and explicit price concessions included in net health services revenue are described in Note 1.

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.

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.

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 November 1, 2021, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

(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 and cash equivalents	$ 2,864	$ 5,915	$ 1,651	$ 2,798	$ 3,615	$ 1,183	$ -	$ 18,026
Patient and resident accounts receivable	-	1,610	19	99	60	19	-	1,807
Due from related parties	3,571	-	-	-	-	-	(3,571)	-
Prepaid expenses and other assets	879	31	2	73	76	4	-	1,065
Pledge and other receivables	113	1,517	71	-	133	2	-	1,836
Total current assets	7,427	9,073	1,743	2,970	3,884	1,208	(3,571)	22,734
INVESTMENTS	5,826	11,128	-	-	1,132	-	-	18,086
ASSETS LIMITED AS TO USE								
Held by mortgagee under loan agreement								
Reserve for replacements	-	-	586	545	505	51	-	1,687
Escrow deposits	-	-	200	230	494	157	-	1,081
Externally restricted by security agreements	975	-	-	-	-	-	-	975
Restricted by donor (Note 8)	1,560	3,891	-	-	693	-	-	6,144
Total assets limited as to use	2,535	3,891	786	775	1,692	208	-	9,887
PROPERTY AND EQUIPMENT, net	209	32,045	9,148	22,393	18,355	47,501	-	129,651
OTHER ASSETS								
Related party note receivable	6,003	-	-	-	-	-	(6,003)	-
Other assets	17,095	60	10	-	40	-	(16,783)	422
Total other assets	23,098	60	10	-	40	-	(22,786)	422
Total assets	$ 39,095	$ 56,197	$ 11,687	$ 26,138	$ 25,103	$ 48,917	$ (26,357)	$ 180,780

Elder Care Alliance and Subordinate Corporations
Consolidating Statements of Financial Position (Continued)
June 30, 2021
(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	$ 882	$ 1,789	$ 134	$ 129	$ 245	$ 177	$ -	$ 3,356
Accrued expenses and other current liabilities	967	1,487	524	856	904	352	-	5,090
Current maturities of long-term debt	32	292	295	840	791	505	-	2,755
Due to related parties	-	2,102	324	291	317	27	(3,061)	-
Total current liabilities	1,881	5,670	1,277	2,116	2,257	1,061	(3,061)	11,201
DUE TO RELATED PARTIES	-	-	-	1,112	-	-	(1,112)	-
RELATED PARTY NOTE PAYABLE	-	-	1,519	3,882	-	-	(5,401)	-
LONG-TERM DEBT	455	16,042	10,267	31,500	27,513	28,583	-	114,360
ASSET RETIREMENT OBLIGATIONS	-	169	-	-	-	-	-	169
Total liabilities	2,336	21,881	13,063	38,610	29,770	29,644	(9,574)	125,730
NET ASSETS								
Without donor restrictions	35,168	25,018	(1,387)	(12,588)	(5,360)	19,273	(16,783)	43,341
With donor restrictions	1,591	9,298	11	116	693	-	-	11,709
Total net assets	36,759	34,316	(1,376)	(12,472)	(4,667)	19,273	(16,783)	55,050
Total liabilities and net assets	$ 39,095	$ 56,197	$ 11,687	$ 26,138	$ 25,103	$ 48,917	$ (26,357)	$ 180,780

(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 and cash equivalents	$ 1,191	$ 4,734	$ 1,141	$ 1,823	$ 2,130	$ 874	$ -	$ 11,893
Patient and resident accounts receivable	-	1,048	-	107	70	(14)	-	1,211
Due from related parties	3,766	-	-	-	-	-	(3,766)	-
Prepaid expenses and other assets	548	94	34	101	138	5	-	920
Pledge and 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
Restricted by donor (Note 8)	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

Elder Care Alliance and Subordinate Corporations
Consolidating Statements of Financial Position (Continued)
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 current liabilities	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 Statements of Activities Information
June 30, 2021
(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	$ -	$ 4,209	$ 4,485	$ 8,352	$ 8,554	$ 3,907	$ -	$ 29,507
Net health services revenue	378	10,426	964	1,634	1,584	366	-	15,352
In-kind food contributions	-	3,667	-	-	-	-	-	3,667
Provider relief funds	-	422	246	324	439	-	-	1,431
Other resident services revenue	-	17	17	236	200	-	-	470
Other revenue, net	3,018	-	-	-	-	14	(3,016)	16
Net assets released from restrictions for operations	223	1,108	20	169	204	-	-	1,724
Total revenues, gains, and other support	3,619	19,849	5,732	10,715	10,981	4,287	(3,016)	52,167
EXPENSES AND LOSSES								
Salaries and benefits	4,476	10,041	3,079	5,839	5,052	519	-	29,006
Purchased services and other	(292)	4,163	1,235	1,809	2,092	1,117	-	10,124
Donated food	-	3,667	-	-	-	-	-	3,667
Supplies	19	1,676	365	565	631	10	-	3,266
Depreciation and amortization	38	1,315	438	945	1,049	667	-	4,452
Interest and fees	2	5	381	1,368	1,011	1,423	-	4,190
Management fee	-	1,140	371	685	703	107	(3,006)	-
Intercompany expense	-	10	-	-	-	-	(10)	-
Total expenses and losses	4,243	22,017	5,869	11,211	10,538	3,843	(3,016)	54,705
OPERATING (LOSS) INCOME	(624)	(2,168)	(137)	(496)	443	444	-	(2,538)
OTHER INCOME								
Contribution revenue	319	104	-	-	-	-	-	423
Investment return, net of investment expenses	1,020	2,026	-	-	198	-	-	3,244
Total other income	1,339	2,130	-	-	198	-	-	3,667
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 715	$ (38)	$ (137)	$ (496)	$ 641	$ 444	$ -	$ 1,129

Elder Care Alliance and Subordinate Corporations
Consolidating Statements of Activities Information (Continued)
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 revenue	404	15,629	1,110	1,865	1,786	419	-	21,213
In-kind food contributions	-	2,700	-	-	-	-	-	2,700
Provider relief funds	-	16	-	-	-	-	-	16
Other resident services revenue	-	328	71	262	222	-	-	883
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	20,104	6,351	11,576	11,150	4,300	(3,346)	54,119
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
Donated food	-	2,700	-	-	-	-	-	2,700
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
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	20,025	6,092	11,655	10,181	4,152	(3,346)	52,876
OPERATING (LOSS) INCOME	(133)	79	259	(79)	969	148	-	1,243
OTHER INCOME								
Contribution revenue	-	363	-	17	-	-	-	380
Investment return, net of investment expenses	175	291	-	-	20	-	-	486
Total income	175	654	-	17	20	-	-	866
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, 2021
(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, 2020	$ 34,453	$ 1,268	$ 24,159	$ 6,162	$ (1,250)	$ 14	$ (12,092)	$ 51
Excess (deficiency) of revenues over expenses	715	-	(38)	-	(137)	-	(496)	-
Net assets released from restriction for building improvements and equipment	-	-	897	(897)	-	-	-	-
Donor-restricted contributions	-	222	-	4,351	-	17	-	234
Investment return, net of investment expenses	-	324	-	790	-	-	-	-
Net assets released from restriction for operations	-	(223)	-	(1,108)	-	(20)	-	(169)
BALANCE, June 30, 2021	$ 35,168	$ 1,591	$ 25,018	$ 9,298	$ (1,387)	$ 11	$ (12,588)	$ 116

	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, 2020	$ (6,001)	$ 699	$ 18,829	$ -	$ (16,783)	$ -	$ 41,315	$ 8,194
Excess (deficiency) of revenues over expenses	641	-	444	-	-	-	1,129	-
Net assets released from restriction for building improvements and equipment	-	-	-	-	-	-	897	(897)
Donor-restricted contributions	-	20	-	-	-	-	-	4,844
Investment return, net of investment expenses	-	178	-	-	-	-	-	1,292
Net assets released from restriction for operations	-	(204)	-	-	-	-	-	(1,724)
BALANCE, June 30, 2021	$ (5,360)	$ 693	$ 19,273	$ -	$ (16,783)	$ -	$ 43,341	$ 11,709

Elder Care Alliance and Subordinate Corporation
Consolidating Statement of Activities Information (Continued)
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 (deficiency) 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 restriction for operations	-	(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 (deficiency) 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 restriction for operations	-	(197)	-	-	-	-	-	(1,971)
BALANCE, June 30, 2020	$ (6,001)	$ 699	$ 18,829	$ -	$ (16,783)	$ -	$ 41,315	$ 8,194