

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

WORCESTER, MASSACHUSETTS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

(With Independent Auditor's Report Thereon)

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

TABLE OF CONTENTS
DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION	21
SCHEDULE 1 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION	22
SCHEDULE 2 - CONSOLIDATING STATEMENT OF ACTIVITIES	23

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Healthcare Center, Inc. and Affiliate
Worcester, Massachusetts

Opinion

We have audited the consolidated financial statements of Jewish Healthcare Center, Inc. (a non-profit organization) and Affiliate (collectively the Organization) which comprise the consolidated statement of financial position as of December 31, 2022, 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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jewish Healthcare Center, Inc. and Affiliate as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 20 to the consolidated financial statements, January 1, 2022 net assets without donor restrictions have been restated to reflect an adjustment of an employee retention credit (ERC) earned in 2021 and applied for in 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Worcester, Massachusetts

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (note 1)	\$ 3,904,653
Restricted cash (note 1)	56,177
Accounts receivable (net of allowance for doubtful accounts of \$155,923 (notes 1 and 3))	2,825,601
Other receivables	2,463,998
Prepaid expenses	77,318
Total current assets	<u>9,327,747</u>

PROPERTY AND EQUIPMENT (notes 1 and 4):

Less - accumulated depreciation	30,835,031
Total property and equipment	<u>25,475,760</u>

OTHER ASSETS:

Goodwill, net (note 7)	58,435
Interest rate swap (notes 1, 8 and 9)	669,057
Investments (notes 1, 6, and 9)	853,126
Total other assets	<u>1,580,618</u>

TOTAL ASSETS	<u>\$ 16,267,636</u>
--------------	----------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 909,841
Accrued expenses	1,713,134
Accrued interest	5,874
Deferred revenue (note 1)	101,971
Current portion of bonds payable (note 10)	294,984
Due to others (note 1)	56,177
Total current liabilities	<u>3,081,981</u>

LONG-TERM LIABILITIES:

Bonds payable (notes 5 and 10)	4,825,487
Total long-term liabilities	<u>4,825,487</u>

TOTAL LIABILITIES	<u>7,907,468</u>
-------------------	------------------

NET ASSETS:

Without donor restrictions	8,275,168
With donor restrictions	85,000
Total net assets	<u>8,360,168</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,267,636</u>
----------------------------------	----------------------

See Accompanying Notes to Consolidated Financial Statements
See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

OPERATING REVENUE:

Private patients	\$ 10,993,773
HMO patients	4,110,625
Medicare patients	9,004,255
Medicaid patients	7,941,855
Ancillary income	144,624
Food service income	28,828
Other income	1,267,793
Total operating revenue	<u>33,491,753</u>

EXPENSES:

Healthcare program	18,426,489
Hospice program	5,391,230
Homecare program	2,917,899
Lifecare program	197,263
Private care program	254,655
Assisted living program	4,602,902
Management and general	3,398,745
Fundraising	77,660
Total expenses	<u>35,266,843</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS
FROM OPERATIONS

(1,775,090)

OTHER REVENUE AND SUPPORT:

Contributions	1,222,701
Fundraising, net	71,125
Membership dues	109,795
Investment income, net	(66,123)
Change in fair value of interest rate swap	635,348
Gain on disposal of property and equipment	700
Total other revenue and support	<u>1,973,546</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

198,456

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:

Contributions	85,000
---------------	--------

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS

85,000

CHANGE IN NET ASSETS

283,456

NET ASSETS, BEGINNING OF YEAR

8,076,712

NET ASSETS, END OF YEAR

\$ 8,360,168

See accompanying Notes to Consolidated Financial Statements
See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	PROGRAM ACTIVITIES						SUPPORTING ACTIVITIES			
	<u>JEWISH HEALTHCARE CENTER, INC.</u>	<u>HOSPICE PROGRAM</u>	<u>HEMOCARE PROGRAM</u>	<u>LIFECARE PROGRAM</u>	<u>PRIVATE CARE PROGRAM</u>	<u>JHC ASSISTED LIVING CORP.</u>	<u>TOTAL PROGRAM EXPENSE</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 11,576,047	\$ 2,201,458	\$ 2,193,699	\$ 167,721	\$ 225,634	\$ 2,246,489	\$ 18,611,048	\$ 2,200,166	\$ 63,285	\$ 20,874,499
Payroll and bookkeeping service	28,749	0	0	0	0	6,925	35,674	5,692	0	41,366
Office supplies and expenses	0	90,020	129,847	5,759	110	0	225,736	403,790	0	629,526
Tuition and education	35,858	759	2,094	1,418	0	200	40,329	0	0	40,329
Miscellaneous	1,564	1,409	0	90	0	1,679	4,742	0	0	4,742
Telephone	96,218	29,712	29,893	0	1,708	23,315	180,846	7,597	0	188,443
Advertising	150,806	3,902	3,487	1,565	0	29,598	189,358	0	0	189,358
Motor vehicle expenses	19,147	0	0	0	0	0	19,147	0	0	19,147
Travel and meetings	599	64,876	64,616	23	713	237	131,064	0	0	131,064
Licenses and dues	14,835	9,443	7,011	1,168	0	26,811	59,268	0	0	59,268
Parking	21,504	0	0	0	0	0	21,504	746	0	22,250
Employee benefits	533,823	763	103	327	159	9,401	544,576	83,819	2,966	631,361
Accounting	0	0	0	0	0	0	0	174,352	0	174,352
Legal	0	0	0	0	0	0	0	25,005	0	25,005
Payroll taxes	929,013	167,946	177,779	12,918	17,126	179,312	1,484,094	176,400	5,162	1,665,656
Retirement plan expense	13,696	26,004	51,000	1,704	2,796	17,709	112,909	5,423	76	118,408
Group health and life insurance	816,276	147,161	129,020	3,002	0	137,288	1,232,747	151,197	4,536	1,388,480
Workers' compensation insurance	294,308	48,504	63,096	600	6,000	21,315	433,823	51,845	1,635	487,303
Interest expense	95	0	0	0	0	156,172	156,267	0	0	156,267
Amortization	8,990	0	0	0	0	0	8,990	0	0	8,990
User fees	896,521	0	0	0	0	0	896,521	0	0	896,521
Real estate and other taxes	0	0	0	0	0	225,541	225,541	0	0	225,541
Bad debts	33,510	0	0	0	0	0	33,510	0	0	33,510
Depreciation expense	251,107	0	4,977	0	0	521,544	777,628	26,409	0	804,037
Equipment rental	0	186,702	247	0	0	0	186,949	0	0	186,949
Insurance on property	308,610	0	0	0	0	81,194	389,804	24,465	0	414,269
Plant operations	294,046	9,883	9,180	0	0	191,506	504,615	25,049	0	529,664
Occupancy	373,150	10,991	10,991	0	0	238,750	633,882	31,722	0	665,604
Dietary expense	387,853	0	0	0	0	361,263	749,116	0	0	749,116
Laundry and linens expense	29,421	0	0	0	0	1,954	31,375	0	0	31,375
Housekeeping expense	60,698	0	0	0	0	32,784	93,482	5,068	0	98,550
Nursing expense	649,755	262,908	40,479	968	409	9,885	964,404	0	0	964,404
Medical services expense	17,893	44,135	380	0	0	0	62,408	0	0	62,408
Social services expense	1,329	0	0	0	0	0	1,329	0	0	1,329
Recreation expense	32,431	0	0	0	0	76,030	108,461	0	0	108,461
Consultants expense	80,576	44,164	0	0	0	6,000	130,740	0	0	130,740
Ancillaries expense	468,061	0	0	0	0	0	468,061	0	0	468,061
Hospice room and board	0	2,040,490	0	0	0	0	2,040,490	0	0	2,040,490
Total expenses	\$ 18,426,489	\$ 5,391,230	\$ 2,917,899	\$ 197,263	\$ 254,655	\$ 4,602,902	\$ 31,790,438	\$ 3,398,745	\$ 77,660	\$ 35,266,843

See accompanying Notes to Consolidated Financial Statements
See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 283,456
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	804,037
Amortization	8,990
Deferred financing amortization	21,306
Loss on sale of investments	11,199
Gain on disposal of property and equipment	(700)
Allowance for doubtful accounts receivable	
Net unrealized (gain) loss on investments	137,217
Change in fair value of interest swap	(635,348)
Cash provided (used) by changes in certain assets and liabilities:	
Accounts receivable	346,984
Other receivables	(59,306)
Prepaid expenses	167,907
Accounts payable	64,719
Accrued expenses	(164,030)
Deferred revenue	67,996
Due to others	48,243
Net cash provided by operating activities	<u>1,102,670</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(387,918)
Purchases of investments	(195,302)
Proceeds received from sales of investments	170,047
Proceeds from sale of property and equipment	700
Net cash used by investing activities	<u>(412,473)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Bond principal payments	(294,984)
Net cash used by financing activities	<u>(294,984)</u>

NET INCREASE IN CASH, CASH EQUIVALENTS,
AND RESTRICTED CASH

395,213

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH,
BEGINNING OF YEAR

3,565,617

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH,
END OF YEAR

\$ 3,960,830

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash paid for interest expense	<u><u>\$ 134,961</u></u>
--------------------------------	--------------------------

See accompanying Notes to Consolidated Financial Statements
See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business:

Jewish Healthcare Center, Inc. (the Center) is a non-profit, nonsectarian corporation. The Center owns and operates a 141-bed nursing home in Worcester, Massachusetts. The Center provides long- and short-term care and supportive services. JHC Assisted Living Corp. (the Corporation) is a non-profit corporation that owns and operates an 80-apartment assisted living residence in Worcester, Massachusetts to serve the elderly and assist them in maintaining an independent lifestyle.

SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation:

The consolidated financial statements include the accounts of Jewish Healthcare Center, Inc. and JHC Assisted Living Corp. JHC Assisted Living Corp. is consolidated since Jewish Healthcare Center, Inc. has both an economic interest in JHC Assisted Living Corp. and control of JHC Assisted Living Corp. through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated. The Center and the Corporation are referred to as the "Organization" in the notes that follow.

Basis of accounting:

The accompanying consolidated financial statements of Jewish Healthcare Center, Inc. and affiliate have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities in accordance with the U.S. Generally Accepted Accounting Principles (GAAP) utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

Basis of presentation:

The Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions and net assets with donor restrictions:

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

Net assets without donor restrictions – represent amounts not restricted for identified purposes by donors or grantors. These funds are available to be used for the general purposes of the Organization and include resources designated by the Board of Directors for future capital improvements, renovations, free care, or at its discretion, for other purposes.

Net assets with donor restrictions – represent amounts whose use by the Organization has been limited by donors to a specific period or purpose or represent amounts that are subject to donor gift instruments requiring that the principal be invested in perpetuity and that only the income be used. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue recognition:

Patient service/rental revenue from residents, third-party payors, and others is recorded when services are rendered for Jewish Healthcare Center, Inc. patients, or when rents are due for JHC Assisted Living Corp. residents.

Concentrations:

The Center receives a significant portion of its income from the Commonwealth of Massachusetts under the State's Medicaid program and from the federally sponsored Medicare program.

Cash and cash equivalents:

For the purposes of the statements of cash flows, the Center considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Organization maintains non-interest bearing bank accounts in one financial institution in Worcester, Massachusetts. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 for each Organization. The bank is also a member of the Depositors Insurance Fund which insures deposits above the FDIC limit. The Organization has suffered no losses in connection with its depository activities.

Restricted cash:

The Center holds monies and deposits on behalf of its patients and the Ladies' Auxiliary. At December 31, 2022, the Center held \$30,489 on behalf of patients, and \$17,901 on behalf of the Ladies' Auxiliary. The Corporation holds monies on behalf of the employees at the bequest of a resident of \$7,787 at December 31, 2022. These amounts are reported under due to others.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash within the consolidated statements of financial position that sum to the total of the same such amounts in the statements of cash flows.

	<u>2022</u>
Cash and cash equivalents	\$ 3,904,653
Restricted cash	<u>56,177</u>
Total cash, cash equivalents, and restricted cash shown in statement of cash flows	<u><u>\$ 3,960,830</u></u>

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding accounts. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance is estimated based on length of time the receivable is outstanding and the source of the receivable. The allowance includes receivables that management considers overdue. No interest is charged on overdue receivables. Accounts that are unpaid after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Adjustments for un-allowed costs can occur.

Net Patient and Resident Service Revenue

Net patient and resident revenue relates to contracts with patients and in most cases involve a third-party payor (Medicare, Medicaid, commercial and other managed care insurance companies) in which the Organization's performance obligations are to provide health care services. Net patient service revenue

See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

is recorded at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all the Organization's performance obligations are satisfied in one year.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience.

Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated adjustments are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. There were no material changes in prior period estimates that changed net patient service revenue during the year ended December 31, 2022.

Revenue Recognition – Resident Revenue

Resident revenue is reported at the amounts that reflect the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident revenue is recognized as performance obligations are satisfied.

Resident revenue at the independent living community consists of regular monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services. Fees are specified in agreements with residents, which are generally short term in nature, with regular monthly charges billed in advance. The

See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Organization recognizes revenue for housing services under independent living and assisted living residency agreements in accordance with the provisions of ASC 840 Leases (ASC 840).

Revenue Recognition – Health Center

The Organization recognizes revenue for skilled nursing residency, assistance with activities of daily living, thrive at home and personalized health services in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606). The Organization has determined that the senior living services included under the daily or monthly fee have the same timing pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time.

The Organization receives revenue for services under various third-party payor programs which include Medicare, Medicaid and other third-party payors. The Commonwealth of Massachusetts Medicaid program (Mass Health) pays for skilled nursing services using a cost and acuity based prospective methodology and a cost based prospective methodology for less intensive skilled nursing facilities under a prospective case mix system. Specific payment rates are classified into different categories depending on the acuity of the patient and the resources utilized to care for the patient.

Settlements with third-party payor for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and adjustments are recognized in periods as final settlements are determined.

Effective October 1, 2019, the Centers for Medicare and Medicaid Services (CMS) issued a new case-mix model called the Patient-Driven Payment Model (PDPM), which focuses on a resident's condition and care needs, rather than the amount of care provided to determined reimbursement levels. The PDPM utilizes clinically relevant factors for determining Medicare payment by using ICD-10 diagnosis codes and other patient characteristics as the basis for patient classification.

Property and equipment:

Property and equipment are stated at cost when purchased, or at fair value when donated. All repair and maintenance activities are expensed as incurred. Depreciation is provided primarily using the straight-line method over the estimated useful lives of the assets. Expenditures of \$1,000 or more for property or equipment having an estimated useful life exceeding one year are capitalized.

The estimated useful lives of property and equipment for purposes of providing depreciation are as follows:

Land improvements	20 years
Buildings	27.5 – 40 years
Building improvements	20 – 27.5 years
Equipment	5 – 10 years
Vehicles	3 – 5 years
Computers and software	3 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Impairment of Long-Lived Assets

FASB Accounting Standard Codification (ASC) 360-10-35, Accounting for the Impairment or Disposal of Long-Lived Assets, requires the Organization to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of assets to estimated undiscounted future cash flows expected to be generated by the assets. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairment losses recognized during the year ended December 31, 2022.

Investments and investment income, net:

Investments are stated at fair value. 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 as of the measurement date. Investment gains and income are reported as increases to net assets without donor restrictions or with donor restrictions depending on the existence or absence of donor restrictions. Contributed investments are recorded at fair market value at the time of gift. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses.

Donated assets:

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Deferred revenue:

Deferred revenue consists of residents' deposits and prepayments for room and board which are recognized over the periods to which the deposits and prepayments relate.

Derivative instruments:

To manage interest rate exposure related to the Corporation's bonds, JHC Assisted Living Corp. entered into an interest rate swap agreement. The Corporation recorded the interest rate swap in other assets and the change in fair value of the interest rate swap as income (expense) in the statements of activities. The Corporation's interest swap agreement does not qualify for hedge accounting. The Corporation records any increase or reduction in interest expense resulting from the swap agreement as an interest expense in the consolidated statements of activities. (See note 8.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income tax status:

The Center and the Corporation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than private foundations under Section 509(a)(2). The Organizations believe that they have appropriate support for any tax positions taken, and, accordingly, do not have any uncertain tax positions that are material to the financial statements. The Organizations' Federal Forms 990, "Return of Organization Exempt from Income Tax," are open to audit by the IRS generally for three years. The open audit periods, therefore, are for the years ended December 31, 2022, 2021, 2020, and 2019.

The Organization accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of tax position taken or expected to be taken in a tax return. Management has analyzed the tax positions taken and has concluded that as of December 31, 2022, there are no tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

Advertising costs:

Advertising costs are expensed as incurred. Advertising costs were \$189,358 for the year ended December 31, 2022.

Donated services:

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with board and committee assignments and solicitations. The volunteered time does not meet the criteria for recognition in the financial statement.

Use of estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used. The allowance for doubtful accounts receivable and the estimated useful lives of property and equipment are considered significant estimates.

Functional expenses:

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function accordingly. Certain costs have been allocated among program services and supporting services benefited, on a consistent basis. Those expenses include depreciation, amortization, occupancy, insurance, certain utilities, housekeeping, which are allocated by square footage. Wages and related benefits and other expenses are assigned directly to specific activities as expenditures are made.

See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

NOTE 2: CONCENTRATION OF CREDIT RISK:

At December 31, 2022, approximately 60 % of the Organizations' accounts receivable were due from Medicare and Medicaid, respectively.

NOTE 3: ACCOUNTS RECEIVABLE:

Accounts receivable at December 31, 2022 consist of the following:

Private patients	\$ 484,585
Medicare patients	1,230,085
Medicaid patients	416,344
Other receivables	850,510
	<u>2,981,524</u>
Less - allowance for uncollectible accounts	155,923
	<u>\$ 2,825,601</u>

Bad debts expense was \$33,510 in 2022.

NOTE 4: PROPERTY AND EQUIPMENT:

Property and equipment are summarized at cost at December 31, 2022 as follows:

Land and improvements	\$ 1,157,796
Buildings and improvements	21,793,642
Furniture and equipment	7,715,192
Vehicles	168,401
	<u>\$ 30,835,031</u>

Depreciation and amortization expense was \$804,037 in 2022.

See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

NOTE 5: BOND ISSUE COSTS:

Costs incurred to obtain bond financing have been capitalized and are being amortized on the straight-line basis over the life of the related debt. Unamortized bond issuance costs are netted against bonds payable on the accompanying consolidated statement of financial position (see note 10). Amortization expense at December 31, 2022 was \$21,306 and is included in interest expense on the accompanying consolidated statement of activities and changes in net assets.

Net bond costs at December 31, 2022 are as follows:

Bond issue costs	\$ 81,271
Less - accumulated amortization	<u>63,920</u>
Bond issue costs, net	<u><u>\$ 17,351</u></u>

NOTE 6: INVESTMENTS:

The market value of investments held as of December 31, 2022 are as follows:

	<u>Market</u> <u>Value</u>
Bond funds	\$ 347,075
Equity funds	<u>506,051</u>
	<u><u>\$ 853,126</u></u>

NOTE 7: GOODWILL:

On May 1, 2019, the Organization entered into an agreement with an individual to purchase the goodwill of a care management company in exchange for a term note. The goodwill was \$89,900 and is being amortized over a 10-year period.

NOTE 8: DERIVATIVE FINANCIAL INSTRUMENTS:

In 2020, the Organization entered into an interest rate swap arrangement (the 2020 Swap) effective June 5, 2020 with its bank that effectively fixed the interest rate at 2.511% on the Series 2020 Bonds.

The Corporation's purpose in entering into the swap arrangements was to hedge against the risk of interest rate increases on the related variable rate debt. This derivative financial instrument was not held for trading purposes. The Organization accounted for this derivative financial instrument by presenting it on the statement of financial position at its fair value.

See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

NOTE 9: FAIR VALUE MEASUREMENTS:

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2022.

Investments – Fair value of investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Interest rate swap – Fair value is determined based on the mark-to-market value by comparing the fixed interest rate to the variable interest rate applied to the notional amount of the contract. (See note 8.)

The Organization recognizes transfers into and out of levels at the end of the year. There were no transfers between levels during the year ended December 31, 2022.

See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

NOTE 9: FAIR VALUE MEASUREMENTS (Continued):

The following table sets forth the Organization's financial assets and liabilities as of December 31, 2022 that were measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

Fair Value Measurements at Reporting Date - Using Inputs Considered

	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Mutual Funds:				
Bond funds	\$ 347,075	\$ 0	\$ 0	\$ 347,075
Equity funds	506,051	0	0	506,051
Total mutual funds	853,126	0	0	853,126
Investment rate swap	0	669,057	0	669,057
Total assets at fair value	<u>\$ 853,126</u>	<u>\$ 669,057</u>	<u>\$ 0</u>	<u>\$ 1,522,183</u>

NOTE 10: BONDS PAYABLE:

During 2020, the Massachusetts Development Finance Agency issued Massachusetts Development Finance Agency Revenue Bonds, JHC Assisted Living Corp. Issue Series 2020 (the Series 2020 Bonds). The Corporation and the Center are both named borrowers in the bond agreements and the bonds are secured by a pledge of future revenues and other assets as further specified in the loan agreement. The proceeds of the bonds were used to refund the Series 2014 Bonds which refunded the Series 1998 Bonds, which were originally used primarily for the construction of a facility consisting of a continuing care facility at 629 Salisbury Street, Worcester, Massachusetts. The Series 2020 bonds require monthly payments of principal and interest and bear interest at an adjustable rate based on an adjusted LIBOR rate as further defined in the Loan and Security Agreement to the series 2020 Bonds. The resulting rate as of December 31, 2022 was 4.86%.

Bonds payable at December 31, is as follows:

Series A Bonds payable	\$ 5,137,822
Unamortized bond issue costs	<u>(17,351)</u>
	5,120,471
Less: current portion	<u>(294,984)</u>
	<u>\$ 4,825,487</u>

See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

NOTE 10: BONDS PAYABLE (Continued)

Maturities of the Series 2020 Bonds are as follows:

2023	\$ 294,984
2024	294,984
2025	294,984
2026	294,984
2027	294,984
Thereafter	3,662,902
	<u>\$ 5,137,822</u>

The bonds payable contain covenants including a consolidated debt service coverage ratio, a liquidity requirement, and a requirement to submit annual audited financial statements within 150 days of the end of the year. The Organization was not in compliance with the 150 day reporting covenant as of December 31, 2022; however, it received a waiver for this violation.

NOTE 11: COMMITMENTS AND CONTINGENCIES:

The Federal Balanced Budget Act of 1997 (ACT) was enacted into law on August 5, 1997 and contains provisions which change the method of reimbursement for Medicare patients to a prospective payment system (PPS) with no retroactive settlement. The ACT calls for the PPS for skilled nursing facility (SNF) care to pay a federal per diem rate to be phased in over time for covered SNF services. Covered services include Part A SNF benefits, as well as many services for which payment may be made under Part B during a period in which the beneficiary is provided covered SNF care.

NOTE 12: FUNDRAISING:

At December 31, 2022, fundraising income, net of expenses, from the annual golf classic, the road race, and other fundraisers were as follows:

Income	\$ 115,084
Less - expenses	<u>43,959</u>
	<u>\$ 71,125</u>

See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

NOTE 13: RELATED-PARTY TRANSACTIONS:

Contributions:

The Center receives contributions from the Jewish Home for Aged Foundation, Inc., (the Foundation) an organization whose purpose is to provide additional funds to assist the Center. The Center received contributions of \$512,745 in the year ended December 31, 2022.

The Organization is related to the Foundation through common governance. Because the Organization does not have control through majority designated governance, the Organization and the Foundation do not consolidate.

The Center also receives contributions from the Reed Charitable Trust, (the Trust) an organization whose purpose is to fund a hospital/medical unit within the Center. The Center received contributions of \$456,213 in the year ended December 31, 2022. The Organization has concluded that under the Reed Trust documents, the trustees have been deemed to have variance power, and therefore, the Trust is not included as an asset in the accompanying consolidated financial statements. Because the Organization does not have control over the Trust, the Organization and Trust do not consolidate.

Legal fees:

Individuals who are members of the Board of Directors are partners in a law firm which represents the Organization. Billings and accruals submitted by the law firm as of December 31, 2022 and to the date of the report were immaterial to the financial statements.

NOTE 14: RETIREMENT PLAN:

The Organization sponsors a qualified Section 401(k) defined contribution plan covering all employees who are at least 21 years of age. The Organization contributes a matching contribution of 25% of employee deferrals up to 1% of employee's eligible compensation and may make additional profit-sharing contributions at the discretion of the Board of Directors. The Center contributed an additional 1% profit sharing contribution on eligible employee's annual compensation for the year 2022. Total retirement expense was \$118,408 in the year 2022.

NOTE 15: DESIGNATION FOR SELF-INSURANCE:

The Center has chosen to act as a self-insurer for unemployment claims. Accordingly, it has accrued an amount which the Center believes will be adequate, based on its past claims history, to pay any claims that may arise. Claims of \$50,118 were paid in the year 2022.

See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

NOTE 16: LIQUIDITY AND AVAILABILITY:

The Organizations' financial assets available for general expenditure, that is, without donor restrictions or other restrictions, within one year of the balance sheet date are as follows:

Cash and cash equivalents	\$ 3,904,653
Accounts receivable	2,825,601
Investments	<u>853,126</u>
	<u>\$ 7,583,380</u>

As part of the Organizations' liquidity management plan, cash in excess of daily requirements is held in a money market fund and it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 17: OPERATING LEASE EXPENSE:

The Organization entered into a vehicle operating lease agreement during 2021. The terms of the agreement are monthly payments of \$500 for a term of 36 months.

The Center entered into an operating lease agreement for three copier machines during 2022. The terms of the agreement are monthly payments of \$449 for a term of 60 months.

The Corporation entered into an operating lease agreement for a copier during 2021. The terms of the agreement are monthly payments of \$489 for 60 months.

Total lease expense was \$44,328 at December 31, 2022. Minimum lease payments are as follows:

2023	\$ 44,328
2024	38,828
2025	38,328
2026	33,683
2027	20,288

NOTE 19: COVID-19 PANDEMIC:

In March, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States and the world. The Organization is monitoring the outbreak of COVID-19 and the related business and travel restrictions and its impact on operations, financial position, cash flows, reopening trends, patient and third-party payor payments, and the industry in general, in addition to the impact on its employees. Due to the continued development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is still uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Organization at the time of issuance, the impact could not be yet determined.

See Independent Auditor's Report

SINGER & LUSARDI LLP CERTIFIED PUBLIC ACCOUNTANTS
--

NOTE 19: COVID-19 PANDEMIC (Continued)

Commonwealth of Massachusetts Funding

The Organization received approximately \$892,000 of pandemic related funding from the Commonwealth of Massachusetts, which has been recognized in other income on the accompanying consolidated statements of activities and changes in net assets as of December 31, 2022.

NOTE 20: EMPLOYEE RETENTION CREDIT:

January 1, 2022 retained earnings have been restated in the amount of \$2,152,695 to reflect an adjustment of an Employee Retention Credit (ERC) earned in 2021, and applied for in 2022.

In accordance with the Employee Retention Credit (ERC) program, authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended by subsequent legislative changes, an organization is eligible for an ERC if, due to the COVID-19 pandemic, there has been a significant decline in gross receipts in the respective year as compared with 2019 gross receipts in the respective year as compared with 2019 gross receipts, or a full or partial shutdown based on a governmental order. The ERC is computed based on a percentage of qualified wages (including qualified health insurance expenses) incurred during year, with a maximum annual credit per employee.

The Organization's policy is to account for the ERC as a grant using guidance analogous to conditional contributions found in ASC Subtopic 958-605, Not-for-profits-Revenue Recognition. In accordance with the ASC Subtopic 958-605, the ERC is recognized and recorded as grant income in the statements of activities and changes in net assets when the conditions required for the ERC are substantially met. In the current asset section of the consolidated statement of financial position, the Organization has reported \$2,463,998 in other receivables to reflect the ERC not yet received and \$311,303 in accrued expenses to reflect respective fees associated with the ERC calculation.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is no possible to determine the impact (if any) this would have upon the Organization.

NOTE 21: SUBSEQUENT EVENTS:

Management has evaluated subsequent events through September 8, 2023, which is the date the financial statements were available to be issued. The Organization applied for an employee retention credit (ERC) in December, 2022. As of the date of this report, all credits applied for have been received.

See Independent Auditor's Report

SINGER & LUSARDI LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION

To the Board of Directors
Jewish Healthcare Center, Inc. and Affiliate
Worcester, Massachusetts

We have audited the consolidated financial statements of Jewish Healthcare Center, Inc. and Affiliate as of and for the year ended December 31, 2022, and our report thereon dated September 8, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual companies.

The consolidating 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. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information in Schedules 1 and 2 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Worcester, Massachusetts
September 8, 2023

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

SCHEDULE 1 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>JEWISH HEALTHCARE CENTER, INC.</u>	<u>JHC ASSISTED LIVING CORP.</u>	<u>ELIMINATIONS DR (CR)</u>	<u>TOTAL</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,453,287	\$ 451,366		\$ 3,904,653
Restricted cash	48,390	7,787		56,177
Accounts receivable, net	2,782,409	43,192		2,825,601
Other receivables	2,082,828	381,170		2,463,998
Due from related party	73,345	0	\$ (73,345)	0
Prepaid expenses	69,824	7,494		77,318
Total current assets	<u>8,510,083</u>	<u>891,009</u>	<u>(73,345)</u>	<u>9,327,747</u>
PROPERTY AND EQUIPMENT:	15,681,446	15,153,585		30,835,031
Less - accumulated depreciation	<u>12,845,337</u>	<u>12,630,423</u>		<u>25,475,760</u>
Total property and equipment	<u>2,836,109</u>	<u>2,523,162</u>		<u>5,359,271</u>
OTHER ASSETS:				
Goodwill, net	58,435	0		58,435
Interest rate swap	0	669,057		669,057
Investments	<u>0</u>	<u>853,126</u>		<u>853,126</u>
Total other assets	<u>58,435</u>	<u>1,522,183</u>		<u>1,580,618</u>
TOTAL ASSETS	<u>\$ 11,404,627</u>	<u>\$ 4,936,354</u>	<u>\$ (73,345)</u>	<u>\$ 16,267,636</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 854,296	\$ 55,545		\$ 909,841
Accrued expenses	1,454,943	258,191		1,713,134
Accrued interest	0	5,874		5,874
Deferred revenue	1,274	100,697		101,971
Current portion of bonds payable	0	294,984		294,984
Due to others	48,390	81,132	\$ (73,345)	56,177
Total current liabilities	<u>2,358,903</u>	<u>796,423</u>	<u>(73,345)</u>	<u>3,081,981</u>
LONG-TERM LIABILITIES:				
Bonds payable, net	<u>0</u>	<u>4,825,487</u>		<u>4,825,487</u>
Total long-term liabilities	<u>0</u>	<u>4,825,487</u>		<u>4,825,487</u>
TOTAL LIABILITIES	<u>2,358,903</u>	<u>5,621,910</u>	<u>(73,345)</u>	<u>7,907,468</u>
NET ASSETS:				
Without donor restrictions	8,960,724	(685,556)		8,275,168
With donor restrictions	<u>85,000</u>	<u>0</u>		<u>85,000</u>
Total net assets	<u>9,045,724</u>	<u>(685,556)</u>	<u>0</u>	<u>8,360,168</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,404,627</u>	<u>\$ 4,936,354</u>	<u>\$ (73,345)</u>	<u>\$ 16,267,636</u>

JEWISH HEALTHCARE CENTER, INC. AND AFFILIATE

SCHEDULE 2 - CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>JEWISH HEALTHCARE CENTER</u>	<u>JHC ASSISTED LIVING CORP.</u>	<u>ELIMINATIONS DR (CR)</u>	<u>TOTAL</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:				
OPERATING REVENUE:				
Private patients	\$ 6,020,190	\$ 4,973,583		\$ 10,993,773
HMO patients	4,110,625	0		4,110,625
Medicare patients	9,004,255	0		9,004,255
Medicaid patients	7,941,855	0		7,941,855
Ancillary income	144,624	0		144,624
Food service income	28,388	440		28,828
Other income	1,322,239	244,213	\$ (298,659)	1,267,793
Total operating revenue	<u>28,572,176</u>	<u>5,218,236</u>	<u>(298,659)</u>	<u>33,491,753</u>
EXPENSES:				
Healthcare program	18,426,489	0		18,426,489
Hospice program	5,391,230	0		5,391,230
Homecare program	2,917,899	0		2,917,899
Lifecare program	197,263	0		197,263
Private care program	254,655	0		254,655
Assisted living program	0	4,602,902		4,602,902
Management and general	2,856,133	841,271	(298,659)	3,398,745
Fundraising	77,660	0		77,660
Total expenses	<u>30,121,329</u>	<u>5,444,173</u>	<u>(298,659)</u>	<u>35,266,843</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	<u>(1,549,153)</u>	<u>(225,937)</u>	<u>0</u>	<u>(1,775,090)</u>
OTHER REVENUE AND SUPPORT:				
Contributions	1,219,264	3,437		1,222,701
Fundraising, net (note 14)	71,125	0		71,125
Membership dues	109,795	0		109,795
Investment income, net	50,226	(116,349)		(66,123)
Change in fair value interest rate swap (note 1)	0	635,348		635,348
Gain on disposal of property and equipment	0	700		700
Total other revenue and support	<u>1,450,410</u>	<u>523,136</u>	<u>0</u>	<u>1,973,546</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(98,743)</u>	<u>297,199</u>		<u>198,456</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:				
Contributions	85,000	0		85,000
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS,	<u>85,000</u>	<u>0</u>	<u>0</u>	<u>85,000</u>
CHANGE IN NET ASSETS	<u>(13,743)</u>	<u>297,199</u>	<u>0</u>	<u>283,456</u>
NET ASSETS, BEGINNING OF YEAR	<u>9,059,467</u>	<u>(982,755)</u>		<u>8,076,712</u>
NET ASSETS, END OF YEAR	<u>\$ 9,045,724</u>	<u>\$ (685,556)</u>	<u>\$ 0</u>	<u>\$ 8,360,168</u>