

BERKSHIRE RETIREMENT COMMUNITY, INC.
**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEARS ENDED DECEMBER 31, 2022 AND 2021



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BERKSHIRE RETIREMENT COMMUNITY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Berkshire Retirement Community, Inc.
Pittsfield, Massachusetts

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Berkshire Retirement Community, Inc., which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Berkshire Retirement Community, Inc. as of December 31, 2022 and 2021, and the results of their operations, changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Berkshire Retirement Community, Inc.'s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Berkshire Retirement Community, Inc.'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 Berkshire Retirement Community, Inc.'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.

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 activities as of and for the year ended December 31, 2022 are presented for purposes of additional analysis and is 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

West Hartford, Connecticut
May 30, 2023

BERKSHIRE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,017,744	\$ 12,302,013
Investments	20,452,398	21,448,453
Current Portion of Assets Whose Use is Limited	3,909,814	5,250,566
Accounts Receivable	1,006,568	1,061,844
Prepaid Expenses and Other Current Assets	352,232	530,798
Due from Third-Party Payors, Net	<u>145,599</u>	<u>149,782</u>
Total Current Assets	36,884,355	40,743,456
PROPERTY, PLANT, AND EQUIPMENT, NET	18,646,828	19,152,784
ASSETS WHOSE USE IS LIMITED, LESS CURRENT PORTION	5,808,563	5,748,124
OTHER LONG-TERM ASSETS	<u>415,618</u>	<u>447,747</u>
Total Assets	<u>\$ 61,755,364</u>	<u>\$ 66,092,111</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 984,129	\$ 860,319
Accrued Expenses	722,377	687,621
Accrued Salaries and Related Withholdings	963,829	1,083,832
Other Current Liabilities	626,655	662,649
Due to Berkshire Health Systems, Inc.	6,942	56,878
Due to Affiliates	212,704	260,009
Current Portion of Long-Term Obligations	<u>813,187</u>	<u>778,003</u>
Total Current Liabilities	4,329,823	4,389,311
LONG-TERM LIABILITIES		
Deferred Revenue and Refundable Entrance Fees	40,146,282	41,725,243
Long-Term Obligations, Less Current Portion	<u>8,323,466</u>	<u>9,197,223</u>
Total Liabilities	52,799,571	55,311,777
NET ASSETS	<u>8,955,793</u>	<u>10,780,334</u>
Total Liabilities and Net Assets	<u>\$ 61,755,364</u>	<u>\$ 66,092,111</u>

See accompanying Notes to Consolidated Financial Statements.

**BERKSHIRE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES		
Resident Services, Including Amortization of Entrance Fees of \$532,323 in 2022 and \$462,501 in 2021	\$ 9,235,283	\$ 9,301,787
Assisted Living Revenue	5,245,567	5,202,207
Patient Revenue from Nursing Care Center	9,991,445	10,376,950
Other Operating Revenue	<u>1,346,389</u>	<u>1,738,325</u>
Total Revenues	25,818,684	26,619,269
EXPENSES		
Administrative and General	5,083,691	4,840,488
Dining and Nutritional Services	2,817,536	2,630,396
Environmental Services	3,058,237	2,862,509
Health Care Center	7,433,796	6,575,291
Assisted Living	3,331,423	3,365,051
Depreciation	2,640,101	2,549,393
Interest	405,520	437,070
Provision for Uncollectible Accounts	<u>114,116</u>	<u>125,820</u>
Total Expenses	24,884,420	23,386,018
Income from Operations	934,264	3,233,251
UNREALIZED LOSS ON INVESTMENTS	<u>(2,758,805)</u>	<u>(861,941)</u>
INCREASE (DECREASE) IN NET ASSETS	(1,824,541)	2,371,310
Net Assets - Beginning of Year	<u>10,780,334</u>	<u>8,409,024</u>
NET ASSETS - END OF YEAR	<u><u>\$ 8,955,793</u></u>	<u><u>\$ 10,780,334</u></u>

See accompanying Notes to Consolidated Financial Statements.

BERKSHIRE RETIREMENT COMMUNITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (1,824,541)	\$ 2,371,310
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,640,101	2,549,393
Amortization of Bond Premium and Cost of Issuance	(59,670)	(65,502)
Amortization of Entrance Fees	(532,323)	(462,501)
Unrealized Loss on Investments	2,758,805	861,941
(Increase) Decrease in Operating Assets:		
Accounts Receivable	55,276	24,365
Prepaid Expenses and Other Current Assets	178,566	70,374
Due from Third-Party Payors, Net	4,183	(689,033)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	123,810	71,936
Accrued Expenses	34,756	(2,069)
Accrued Salaries and Related Withholdings	(120,003)	(128,176)
Other Current Liabilities	(35,994)	160,952
Due to Berkshire Health Systems, Inc.	(49,936)	4,316
Due to Affiliates	(47,305)	(47,991)
Deferred Revenue	(247,145)	164,183
Net Cash Provided by Operating Activities	<u>2,878,580</u>	<u>4,883,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(2,134,145)	(2,017,000)
Purchases of Investments	(6,720,929)	(10,990,886)
Sales and Maturities of Investments	4,962,328	5,651,126
Change in Assets Whose Use is Limited	1,280,313	633,518
Net Cash Used by Investing Activities	<u>(2,612,433)</u>	<u>(6,723,242)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Obligations	(770,000)	(737,108)
Payments on Installment Purchases and Leases	(8,903)	(7,532)
Refundable and Nonrefundable Fees (Paid) Received, Net of Refunds	(767,364)	1,519,759
Net Cash Provided (Used) by Financing Activities	<u>(1,546,267)</u>	<u>775,119</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(1,280,120)</u>	<u>(1,064,625)</u>
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>14,402,381</u>	<u>15,467,006</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 13,122,261</u>	<u>\$ 14,402,381</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 463,750</u>	<u>\$ 436,585</u>

See accompanying Notes to Consolidated Financial Statements.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 ORGANIZATION

Berkshire Retirement Community, Inc. (the Retirement Community) is a subsidiary of Integritus Healthcare, Inc. (Integritus), its sole corporate member. These consolidated financial statements include the accounts of the Retirement Community and its controlled subsidiary, Berkshire Extended Care Services, Inc. (BECS). The following is a summary of the organizations included in the accompanying consolidated financial statements:

Organization	Nature and Purpose
Kimball Farms at Walker Street	Facilities consisting of 150 residential units and 48 assisted living units organized to provide independent and assisted living services within a continuing care retirement community environment. In addition, there are 26 Life Enrichment Program units which offer specialized assisted living services to residents with Alzheimer's and other forms of dementia. Services are provided to residents primarily from western Massachusetts, New York, and Connecticut.
Berkshire Extended Care Services, Inc. (dba: Kimball Farms Nursing Care Center at Sunset Avenue)	A 74-bed skilled nursing facility organized to provide post-acute services to residents of the Walker Street facilities, as well as residents of the local Berkshire County community.

Retirement Community residents pay a one-time entrance fee and monthly service fee which entitles the resident to a residential unit, one meal daily and other services for as long as they are able to occupy the unit, assisted living care and nursing home care.

Prospective residents are required to pay an initial fee of \$2,500, of which \$2,000 is a refundable priority fee and \$500 is an application fee. Upon acceptance of their application, a Residence and Care Agreement is executed and 10% of the entrance fee, less the priority fee, is due. The balance of the entrance fee is due prior to occupancy.

Retirement Community residents are entitled to a minimum refund of 90% of their entrance fee upon termination of the Residence and Care Agreement. The refundable amount is payable in part upon termination of the Residence and Care Agreement and the remainder upon reoccupation of the vacated unit.

The monthly service fee is based upon the size and type of residential unit and the number of occupants. Monthly service fees are subject to increase upon providing 60 days' advance notice.

Noncommunity residents who enter directly through assisted living enter into a 13-month lease with monthly service fees based upon the size and type of assisted living unit and number of occupants. Subsequent lease terms are for a 12-month period.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of the above-named entities. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among companies by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets.

Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Retirement Community adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available.

The Retirement Community has elected to adopt the package of practical expedients available in the year of adoption. The Company has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Retirement Community's ROU assets.

The standard had no material impact on the consolidated statement of financial position, statement of activities or statement of cash flows for the year ended December 31, 2022.

Operating Measure

The Retirement Community considers its change in net assets to be equivalent to its operating measure.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of 90 days or less, excluding amounts whose use is limited by the Board of Trustees' (the Board) designation, loan agreements or bond indentures. The Retirement Community maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Retirement Community believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Assets Whose Use Is Limited

The Retirement Community classifies all investments as other-than-trading securities, in accordance with ASC 320, *Investments – Debt and Equity Securities*. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Assets whose use is limited consist of amounts held by trustees under financing agreements, and through Board designation for identified purposes, and over which the Board retains control. These funds are invested primarily in government-secured obligations, corporate bonds, and money market accounts and are carried at fair value in the consolidated statements of financial position. The Retirement Community classifies all assets whose use is limited as other-than-trading securities. These securities are measured at fair value in the consolidated statements of financial position.

Investment Income

Investment income, which is included in other operating revenue, consists of realized gains and losses and income generated on invested cash and cash equivalents, as well as income generated on funds whose use is limited.

Accounts Receivable

Accounts receivable are considered delinquent and written off when all attempts to collect from individuals or other payor sources have been exhausted. Management maintains an allowance for doubtful accounts that is based on a review of significant balances and past experience. Accounts receivable are net of allowance for doubtful accounts of approximately \$150,000 and \$101,000 as of December 31, 2022 and 2021, respectively.

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost or, if received by gift or bequest, at fair value when received. Depreciation is charged to operations using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives conform to the guidelines established by the American Hospital Association, as follows:

Land Improvements	5 to 25 Years
Building and Improvements	5 to 40 Years
Furniture and Equipment	5 to 20 Years

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment (Continued)

Maintenance and repairs are charged to expense as incurred. Expenses in excess of \$500 individually or \$750 in aggregate and possess a useful life of more than one year are to be capitalized.

Deferred Revenue from Nonrefundable Fees

Fees paid by Retirement Community residents, net of the refundable portion, are recorded as deferred revenue and are amortized on a straight-line basis into income over the actuarially determined average life expectancy of the Retirement Community resident population.

Refundable Entrance Fees

Refundable entrance fees represent primarily the refundable portion of Retirement Community residents' fees, which amounts to 90% of the total fees paid, and is payable in part upon termination of the Residence and Care Agreement, with the remainder payable upon reoccupation of the vacated unit.

Net Assets

GAAP requires that net assets be categorized as net assets without donor restriction or net assets with donor restriction based on the existence and nature of donor-imposed restrictions. All of the Retirement Community's net assets are without donor restriction and represent resources that may be expended at the discretion of the Board of Trustees.

Revenue

Resident services, assisted living and nursing care center patient revenue is reported at the amount that reflects the consideration the Retirement Community expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors. Performance obligations are determined based on the nature of the services provided. Resident services, assisted living and patient revenue is recognized as performance obligations are satisfied. The Retirement Community recognizes revenue in accordance with the provisions of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606). See Note 3 for details.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis within Note 18. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Wages	Direct
Fringes	Percent of Wages
Nursing and Rehab Agency	Direct
Utilities	Square Footage
Food	Direct
Other Expenses	Direct
Depreciation and Amortization	Square Footage
Interest	Direct
Provisions for Uncollectible Accounts	Direct

Income Taxes

The Retirement Community and its subsidiary are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income. Accordingly, no provision for income tax is required.

Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications have no effect on the results of operations and changes in net assets.

Subsequent Events

The Retirement Community evaluated the impact of subsequent events through May 30, 2023, representing the date at which the consolidated financial statements were available to be issued.

NOTE 3 REVENUES FROM CONTRACTS WITH CUSTOMERS

The Retirement Community's specific revenue recognition policies are as follows:

Resident Services

Under the Retirement Community's independent living agreements, the Retirement Community provides senior living services to residents for a stated monthly service fee. Resident agreements may be terminated after 60 days' notice. Revenue is recognized on a monthly basis for residential services.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Resident Services (Continued)

The Retirement Community's independent living agreements require the resident to pay an upfront entrance fee prior to moving into the Retirement Community, which is partially refundable in certain circumstances. These amounts are considered contract liabilities under ASC 606. The nonrefundable portion of the entrance fee is recorded as deferred revenue and amortized over the estimated actuarial life expectancy of the resident. The refundable portion of a resident's entrance fee is recorded as a liability and partly refundable upon termination of the resident agreement with the remaining balance refundable upon the resale and re-occupancy of the unit. The refundable portion of the fee is not amortized and is included in refundable entrance fees.

Assisted Living Revenue

The Retirement Community's assisted living agreements are for an initial term of thirteen months and renewable for successive periods of twelve months each by written amendment, with assisted living fees billed monthly. Assisted living agreements may be terminated after 60 days' notice. Revenue is recognized on a monthly basis for assisted living fees.

Patient Revenue from Skilled Nursing Center

The Retirement Community recognizes patient revenue from the skilled nursing center at estimated net realizable amounts from patients, third-party payors and others for services rendered on a per diem basis. Rates charged for nursing care services rendered, other than private-pay patients and third-party payors, are regulated by Medicare and Medicaid. Revenue under certain third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Changes in estimates of prior year settlements were not significant in 2022 or 2021. Management believes that all applicable government reimbursement principles have been properly applied and that no material adjustments will occur as result of an audit.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that the Retirement Community is in compliance with the licensure, accreditation, government healthcare program participation requirements and other Medicaid fraud and abuse legislation, and with other government regulatory and statutory laws and provisions. While no material regulatory inquiries have been initiated by government agencies, compliance with such laws and regulations can be subject to future government review and can lead to other new statutory and regulatory interpretations, as well as other regulatory actions unknown or unasserted at this time. The healthcare 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, accreditation, government healthcare program participation requirements (which are a precondition to the receipt of reimbursement for patient services), the Medicare False Claims Act, the Stark Anti-Referral Act, the Anti-Kickback legislation, and other

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Patient Revenue from Skilled Nursing Center (Continued)

Medicaid fraud and abuse legislation. Government activity has increased with respect to investigations that have led to allegations concerning possible violations by healthcare providers of those statutes and regulations. Violations of those laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as the imposition of significant obligations on the part of the provider to repay patient services previously illegally billed and received.

Other Operating Revenue

Other operating revenue includes investment income, food and service revenue, and other nonpatient revenue. This revenue is recognized on a monthly basis upon the provision of the respective service.

The Retirement Community has elected the practical expedient under ASC 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Retirement Community's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

The Retirement Community has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Retirement Community otherwise would have recognized is one year or less in duration.

Contract assets and liabilities are as follows:

	Accounts Receivable	Non-refundable entrance fees
January 1, 2021	\$ 1,086,209	\$ 1,636,237
December 31, 2021	1,061,844	1,483,784
December 31, 2022	1,006,568	1,416,369

NOTE 4 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

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

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

	2022	2021
Cash and Cash Equivalents	\$ 11,017,744	\$ 12,302,013
Restricted Cash Included in Assets Whose Use is Limited	<u>2,104,517</u>	<u>2,100,368</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	<u><u>\$ 13,122,261</u></u>	<u><u>\$ 14,402,381</u></u>

Restricted cash included in assets whose use is limited includes amounts pledged as collateral for long-term financing arrangements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off. Also included are patient personal need funds.

NOTE 5 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Investments and assets whose use is limited, which are reported at fair value, consisted of the following at December 31:

	2022		2021	
	Market	Cost	Market	Cost
Cash	\$ 1,302,624	\$ 1,302,624	\$ 2,464,693	\$ 2,464,693
U.S. Treasury Obligations	18,277,425	19,981,147	15,753,267	12,390,888
Collateralized Mortgage Obligations	-	-	656,476	960,422
Domestic Corporate Bonds	10,590,726	11,641,645	13,572,707	11,598,486
Total	<u><u>\$ 30,170,775</u></u>	<u><u>\$ 32,925,416</u></u>	<u><u>\$ 32,447,143</u></u>	<u><u>\$ 27,414,489</u></u>

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are general market conditions, management's intent and ability to hold the investments, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendations of advisors and the length of time that the market value has been less than cost.

In connection with certain financing agreements, the Retirement Community is required to set aside funds for specific purposes, which are held by various trustees and are reported as assets whose use is limited on the accompanying consolidated statements of financial position. These funds are invested primarily in government-secured obligations, are carried at fair value, and include funds for debt service and bond reserve.

The assets limited by Board designation represent amounts designated for refundable entrance fees, which are classified as current assets, and funded depreciation, which are classified as noncurrent assets.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (CONTINUED)

Assets whose use is limited at December 31 consisted of the following:

	2022	2021
By Trustee Under Debt Agreements:		
Debt Service Fund	\$ 628,872	\$ 627,072
Debt Service Reserve Fund	1,379,530	1,376,832
Subtotal	2,008,402	2,003,904
By Board Designation	7,613,409	8,898,322
Trust Funds Held for Patient Use	56,126	52,262
Other	40,440	44,202
Subtotal	9,718,377	10,998,690
Less: Current Portion	3,909,814	5,250,566
Total	<u>\$ 5,808,563</u>	<u>\$ 5,748,124</u>

Investment income on investments and assets whose use is limited was approximately \$486,000 and \$480,000 for the years ended December 31, 2022 and 2021, respectively. Unrealized losses on investments and assets whose use is limited were approximately \$2,759,000 and \$862,000 for the years ended December 31, 2022 and 2021, respectively. Investment fees on investments and assets whose use is limited were approximately \$100,000 and \$99,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31 consisted of the following:

	2022	2021
Land and Improvements	\$ 5,382,318	\$ 5,184,263
Buildings and Improvements	45,243,443	43,769,569
Furniture and Fixed Equipment	19,133,642	18,606,829
Construction in Progress	45,000	109,603
Subtotal	69,804,403	67,670,264
Less: Accumulated Depreciation	51,157,575	48,517,480
Property, Plant, and Equipment, Net	<u>\$ 18,646,828</u>	<u>\$ 19,152,784</u>

NOTE 7 DEFERRED REVENUE AND REFUNDABLE ENTRANCE FEES

Deferred revenue and refundable entrance fees at December 31 consisted of the following:

	2022	2021
Deferred Revenue from Nonrefundable Entrance Fees	\$ 1,416,369	\$ 1,483,784
Refundable Entrance Fees	38,685,609	39,950,209
Deferred Revenue, CARES Act Grants	-	164,183
Other	44,304	127,067
Total	<u>\$ 40,146,282</u>	<u>\$ 41,725,243</u>

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 LONG-TERM OBLIGATIONS

Long-term obligations consisted of the following at December 31:

	2022	2021
Bonds Payable, Current Portion	\$ 805,000	\$ 770,000
Leases and Installment Purchases, Current Portion	8,187	8,003
Current Portion of Long-Term Obligations	<u>\$ 813,187</u>	<u>\$ 778,003</u>
Bonds Payable, Long-Term Portion, Net	\$ 8,316,590	\$ 9,181,262
Leases and Installment Purchases, Long-Term Portion	6,876	15,961
Long-Term Obligations, Less Current Portion	<u>\$ 8,323,466</u>	<u>\$ 9,197,223</u>

Bonds Payable

	2022	2021
Total Principal	\$ 8,890,000	\$ 9,660,000
Less: Current Portion	805,000	770,000
Long-Term Portion	8,085,000	8,890,000
Add: Net Unamortized Premium	364,478	456,974
Less: Unamortized Debt Issuance Cost	(132,888)	(165,712)
Long-Term Obligations, Net	<u>\$ 8,316,590</u>	<u>\$ 9,181,262</u>

In June 2015, the Retirement Community entered into a Second Amended Mortgage and Indenture of Trust and Agreement with the Massachusetts Development Finance Agency (MDFA) and issued First Mortgage Revenue bonds (2015 Bonds) with a face value of \$13,680,000. The 2015 Bonds were issued with a premium of \$1,243,500. The bonds bear interest rates ranging from 1.25% to 5.00% per annum with a final maturity date of July 1, 2031, and \$6,350,000 of the bonds are redeemable prior to maturity after June 30, 2025 at 0% premium at the option of the Retirement Community. The Retirement Community bonds are secured by substantially all the assets of the Retirement Community.

Financial debt covenant compliance requires the Retirement Community to achieve a quarterly debt service coverage ratio of at least 1.10. The Retirement Community was in compliance with this requirement as of December 31, 2022 and 2021.

Aggregate maturities subsequent to December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 805,000
2024	845,000
2025	890,000
2026	835,000
2027	980,000
Thereafter	4,535,000
Total	<u>\$ 8,890,000</u>

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Leases and Installment Purchases

During 2017, the Retirement Community purchased certain property, plant and equipment for \$90,926 via notes and leases. The net carrying value of property, plant and equipment under notes and leases totaled \$20,096 and \$30,188 as of December 31, 2022 and 2021, respectively. The outstanding balance of leases and installment purchases as of December 31 is as follows:

	2022	2021
Total	\$ 15,063	\$ 23,964
Less: Current Portion	8,187	8,003
Long-Term Portion	<u>\$ 6,876</u>	<u>\$ 15,961</u>

Future minimum payments under leases and installment purchases subsequent to December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 8,599
2024	<u>7,104</u>
Total Minimum Lease Payments	15,703
Less: Amounts Representing Interest	640
Net Present Value of Future Minimum Payments	<u>\$ 15,063</u>

NOTE 9 TRANSACTIONS WITH BERKSHIRE HEALTH SYSTEMS, INC.

Management and other services were provided to the Retirement Community by BHS Management Services, Inc. (BHSMS), a subsidiary of Berkshire Health Systems, Inc. (BHS) through May 2022. The costs of such services were \$11,755 and \$620,021 in 2022 and 2021, respectively, and have been classified in the consolidated statements of activities as administrative and general expenses and assisted living expenses. Amounts due to BHSMS for such services were \$6,942 and \$56,878 at December 31, 2022 and 2021, respectively.

NOTE 10 PROFESSIONAL LIABILITY INSURANCE

Integrity self-insures the professional and general liability risk of the Retirement Community on a claims-made basis through Berkshire Indemnity Company, SPC, Ltd. (BICSPC), a Cayman Islands segregated portfolio insurance captive. Integrity owns 50% of BICSPC, with the remaining 50% owned by Berkshire Health Systems, Inc. The liability risk associated with Integrity and its subsidiaries is segregated in the BHCS Segregated Portfolio (the Portfolio). Integrity owns 100% of the Portfolio, and reports the Portfolio's assets, liabilities, revenues, and expenses in its consolidated financial statements. The Retirement Community pays to Integrity its share of the professional liability insurance premium necessary to cover its estimated incurred losses.

Integrity establishes reserves for claims incurred but unpaid with the assistance of consulting actuaries. Management believes these reserves are adequate; however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments,

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

will be reflected in the consolidated statements of activities of future years through future premium adjustments when such adjustments, if any, become known.

NOTE 11 WORKERS' COMPENSATION INSURANCE

The Retirement Community self-insures its workers' compensation risk in Massachusetts under an Integritus program approved by the Commonwealth of Massachusetts Department of Industrial Accidents. The program is secured by a surety bond in the amount of \$4,420,000. Integritus reinsures losses more than \$500,000 per claim. Integritus establishes reserves with the assistance of third-party administrators for losses incurred, which are reported in the consolidated statements of financial position as accrued expenses. Management believes these reserves are adequate; however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments, will be reflected in the consolidated statements of activities of future years when such adjustments, if any, become known.

NOTE 12 RETIREMENT PLAN

Integritus maintains a 403(b)-retirement savings plan (the Plan), covering substantially all employees of the Retirement Community. For the years ending December 31, 2022 and 2021, Integritus made a matching contribution of 25% up to 4% of the compensation for a maximum match of 1% of compensation. Employees are immediately fully vested in the Plan. Expenses for employer contributions recognized for the years ended December 31, 2022 and 2021 were approximately \$33,000 and \$29,000, respectively.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

The Retirement Community grants credit without collateral to its patients, some of whom are insured under third-party payor agreements. At December 31, 2022 and 2021, percentages of accounts receivable from patients and third-party payors, exclusive of estimated settlements, consisted of the following:

	2022	2021
Medicare	34%	32%
Medicaid	34%	31%
Patients and Other	32%	37%
Total	<u>100%</u>	<u>100%</u>

The Retirement Community's revenues from the Medicare and Medicaid programs accounted for approximately 33% and 51%, respectively, of the Retirement Community's net patient service revenues for both the years ended December 31, 2022 and 2021.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 14 FAIR VALUE MEASUREMENTS

GAAP establishes 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 Company 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 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 assets 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

U.S. Treasury Obligations

U.S. Treasury obligations are valued at the closing price reported in the active market in which the individual obligations are traded.

Collateralized Mortgage Obligations

Collateralized mortgage obligations are valued based on yields currently available on comparable securities with similar credit ratings.

Corporate Bonds

Certain corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

There have been no changes in the methodologies used at December 31, 2022 and 2021.

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

Financial assets carried at fair value as of December 31, 2022 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury Obligations	\$ 18,277,425	\$ -	\$ -	\$ 18,277,425
Collateralized Mortgage Obligations	-	-	-	-
Domestic Corporate Bonds	-	10,590,726	-	10,590,726
Total	<u>\$ 18,277,425</u>	<u>\$ 10,590,726</u>	<u>\$ -</u>	<u>\$ 28,868,151</u>

Financial assets carried at fair value as of December 31, 2021 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Treasury Obligations	\$ 15,753,267	\$ -	\$ -	\$ 15,753,267
Collateralized Mortgage Obligations	-	656,476	-	656,476
Domestic Corporate Bonds	-	13,572,707	-	13,572,707
Total	<u>\$ 15,753,267</u>	<u>\$ 14,229,183</u>	<u>\$ -</u>	<u>\$ 29,982,450</u>

There were no transfers between levels of investments during the years ended December 31, 2022 and 2021.

NOTE 15 CONTINGENCY

The Retirement Community is occasionally party to asserted and unasserted claims arising from the course of operations. Management is of the opinion that the outcome of any such claims will not have a material impact on the Retirement Community's financial position or results of operations or cash flows.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 16 REVENUE BY PAYOR

The composition of resident and patient care revenues by primary payor for the years ended December 31 is as follows:

	Resident Services		Assisted Living Revenue		Patient Revenue From Nursing Care Center	
	2022	2021	2022	2021	2022	2021
Lifecare						
Residents	\$ 8,702,960	\$ 8,839,286	\$ 1,228,924	\$ 1,026,689	\$ 305,713	\$ 208,303
Private	-	-	4,016,643	4,175,518	1,450,151	1,385,578
Medicaid	-	-	-	-	2,673,549	2,020,659
Medicare	-	-	-	-	5,284,354	6,233,231
Other Third-Party Payors	-	-	-	-	277,678	529,179
Total	<u>\$ 8,702,960</u>	<u>\$ 8,839,286</u>	<u>\$ 5,245,567</u>	<u>\$ 5,202,207</u>	<u>\$ 9,991,445</u>	<u>\$ 10,376,950</u>

NOTE 17 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Retirement Community's financial assets at December 31:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 11,017,744	\$ 12,302,013
Investments	20,452,398	21,448,453
Accounts Receivable	<u>1,006,568</u>	<u>1,061,844</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Month	<u>\$ 32,476,710</u>	<u>\$ 34,812,310</u>

The Retirement Community maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Retirement Community's goal is generally to maintain the majority of its funds in cash and liquid investments.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 18 FUNCTIONAL EXPENSES

Operating expenses on a functional basis for the year ended December 31, 2022 were as follows:

	Program Services	Management and General	Total
Salaries and Wages	\$ 9,179,937	\$ 640,083	\$ 9,820,020
Fringe Benefits	2,140,504	149,249	2,289,753
Nursing and Rehab Agency	2,425,328	-	2,425,328
Utilities	1,016,696	-	1,016,696
Food	1,101,503	-	1,101,503
Other Expenses	2,189,882	2,881,501	5,071,383
Depreciation	2,640,101	-	2,640,101
Interest	405,520	-	405,520
Provision for Uncollectible Accounts	114,116	-	114,116
Total Operating Expenses	<u>\$ 21,213,587</u>	<u>\$ 3,670,833</u>	<u>\$ 24,884,420</u>

Operating expenses on a functional basis for the year ended December 31, 2021 were as follows:

	Program Services	Management and General	Total
Salaries and Wages	\$ 8,743,703	\$ 779,504	\$ 9,523,207
Fringe Benefits	2,339,245	208,952	2,548,197
Nursing and Rehab Agency	2,510,272	-	2,510,272
Utilities	915,899	-	915,899
Food	1,018,517	-	1,018,517
Other Expenses	2,591,862	1,165,781	3,757,643
Depreciation	2,549,393	-	2,549,393
Interest	437,070	-	437,070
Provision for Uncollectible Accounts	125,820	-	125,820
Total Operating Expenses	<u>\$ 21,231,781</u>	<u>\$ 2,154,237</u>	<u>\$ 23,386,018</u>

NOTE 19 CORONAVIRUS

On March 11, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) to be a global pandemic. The situation is ongoing and dynamic. For the year ended December 31, 2022, the Retirement Community incurred costs related to the pandemic response totaling approximately \$253,000 of which \$216,000 was expensed and \$37,000 is in inventory as of December 31, 2022. Certain of these costs were eligible for recovery during 2022 under various federal grants and state programs. The duration of uncertainties related to the COVID-19 pandemic, and its ultimate financial effects cannot be reasonably estimated at this time.

In April 2020, the Retirement Community received \$700,000 in advanced payments from the Medicare program. The full amount was repaid as of December 31, 2021.

BERKSHIRE RETIREMENT COMMUNITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 19 CORONAVIRUS (CONTINUED)

During the years ended December 31, 2022 and 2021, the Retirement Community received \$399,552 and \$869,760, respectively, in grant proceeds through the Provider Relief Program (PRF) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and through state programs. Under the PRF grant, the Retirement Community is required to use the grant proceeds to cover certain expenditures or lost healthcare revenues that occurred due to the COVID-19 pandemic. The grant period ran through December 31, 2022. The Retirement Community recognized revenue under the programs of \$582,033 and \$936,952 during the years ended December 31, 2022 and 2021, respectively, as included in other operating revenue on the consolidated statement of activities, for qualifying expenses incurred through that date.

BERKSHIRE RETIREMENT COMMUNITY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Kimball Farms at Walker Street	Kimball Farms Nursing Care Center at Sunset Avenue	Eliminations and Reclassifications	Berkshire Retirement Community, Inc.
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 8,180,162	\$ 2,837,582	\$ -	\$ 11,017,744
Investments	20,452,398	-	-	20,452,398
Current Portion of Assets Whose Use is Limited	3,869,374	40,440	-	3,909,814
Accounts Receivable	(159,396)	1,165,964	-	1,006,568
Prepaid Expenses and Other Current Assets	287,338	64,894	-	352,232
Due from Third-Party Payors, Net	(4,187)	149,786	-	145,599
Due from Affiliates	-	5,642,236	(5,642,236)	-
Total Current Assets	32,625,689	9,900,902	(5,642,236)	36,884,355
PROPERTY, PLANT, AND EQUIPMENT, NET				
	14,945,643	3,954,617	(253,432)	18,646,828
ASSETS WHOSE USE IS LIMITED, LESS				
CURRENT PORTION	5,808,563	-	-	5,808,563
OTHER LONG-TERM ASSETS				
	4,242,248	-	(3,826,630)	415,618
Total Assets	<u>\$ 57,622,143</u>	<u>\$ 13,855,519</u>	<u>\$ (9,722,298)</u>	<u>\$ 61,755,364</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 372,870	\$ 611,259	\$ -	\$ 984,129
Accrued Expenses	468,099	254,278	-	722,377
Accrued Salaries and Related Withholdings	566,427	397,402	-	963,829
Other Current Liabilities	550,180	76,475	-	626,655
Due to Berkshire Health Systems, Inc.	13	6,929	-	6,942
Due to Affiliates	5,854,940	-	(5,642,236)	212,704
Current Portion of Long-Term Obligations	805,000	313,249	(305,062)	813,187
Total Current Liabilities	8,617,529	1,659,592	(5,947,298)	4,329,823
LONG-TERM LIABILITIES				
Deferred Revenue and Refundable				
Entrance Fees	40,146,282	-	-	40,146,282
Long-Term Obligations, Less				
Current Portion	8,316,590	3,781,876	(3,775,000)	8,323,466
Total Liabilities	57,080,401	5,441,468	(9,722,298)	52,799,571
NET ASSETS				
	541,742	8,414,051	-	8,955,793
Total Liabilities and Net Assets	<u>\$ 57,622,143</u>	<u>\$ 13,855,519</u>	<u>\$ (9,722,298)</u>	<u>\$ 61,755,364</u>

BERKSHIRE RETIREMENT COMMUNITY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Kimball Farms at Walker Street	Kimball Farms Nursing Care Center at Sunset Avenue	Eliminations and Reclassifications	Berkshire Retirement Community, Inc.
REVENUES				
Resident Services, Including Amortization of Entrance Fees of Approximately \$532,323	\$ 9,541,629	\$ -	\$ (306,346)	\$ 9,235,283
Assisted Living Revenue	5,245,567	-	-	5,245,567
Patient Revenue from Nursing Care Center	-	9,685,099	306,346	9,991,445
Lifecare Funding	-	1,155,107	(1,155,107)	-
Other Operating Revenue	1,062,310	586,620	(302,541)	1,346,389
Total Revenues	15,849,506	11,426,826	(1,457,648)	25,818,684
EXPENSES				
Administrative and General	3,233,451	1,850,240	-	5,083,691
Dining and Nutritional Services	1,973,069	844,467	-	2,817,536
Environmental Services	2,215,631	842,606	-	3,058,237
Health Care Center	497,966	6,935,830	-	7,433,796
Lifecare Funding	1,155,107	-	(1,155,107)	-
Assisted Living	3,331,423	-	-	3,331,423
Depreciation	2,115,975	571,835	(47,709)	2,640,101
Interest	404,080	256,272	(254,832)	405,520
Provision for Uncollectible Accounts	79,116	35,000	-	114,116
Total Expenses	15,005,818	11,336,250	(1,457,648)	24,884,420
Income from Operations	843,688	90,576	-	934,264
UNREALIZED LOSS ON INVESTMENTS	(2,758,805)	-	-	(2,758,805)
INCREASE (DECREASE) IN NET ASSETS	(1,915,117)	90,576	-	(1,824,541)
Net Assets - Beginning of Year	2,456,859	8,323,475	-	10,780,334
NET ASSETS - END OF YEAR	<u>\$ 541,742</u>	<u>\$ 8,414,051</u>	<u>\$ -</u>	<u>\$ 8,955,793</u>