

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2022 (AUDITED)
AND 2021 (COMPILED)**



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**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fairview Extended Care Services, Inc.
Hillcrest Extended Care Services, Inc.
Pittsfield Management Systems, Inc. Obligated Group
Pittsfield, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Fairview Extended Care Services, Inc., Hillcrest Extended Care Services, Inc., and Pittsfield Management Systems, Inc. Obligated Group, which comprise the combined statements of financial position as of December 31, 2022, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Fairview Extended Care Services, Inc., Hillcrest Extended Care Services, Inc., and Pittsfield Management Systems, Inc. Obligated Group as of December 31, 2022, and the results of their operations, changes in their 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 audit 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 Financial Statements section of our report. We are required to be independent of Fairview Extended Care Services, Inc., Hillcrest Extended Care Services, Inc., and Pittsfield Management Systems, Inc. Obligated Group 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.

Prior Period Financial Statements

We have performed a compilation engagement with respect to the December 31, 2021 combined financial statements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review these combined financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these combined financial statements.

Board of Trustees
Fairview Extended Care Services, Inc.
Hillcrest Extended Care Services, Inc.
Pittsfield Management Systems, Inc. Obligated Group

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fairview Extended Care Services, Inc., Hillcrest Extended Care Services, Inc., and Pittsfield Management Systems, Inc. Obligated Group's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Fairview Extended Care Services, Inc., Hillcrest Extended Care Services, Inc., and Pittsfield Management Systems, Inc. Obligated Group'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fairview Extended Care Services, Inc., Hillcrest Extended Care Services, Inc., and Pittsfield Management Systems, Inc. Obligated Group's ability to continue as a going concern for a reasonable period of time.

Board of Trustees
Fairview Extended Care Services, Inc.
Hillcrest Extended Care Services, Inc.
Pittsfield Management Systems, Inc. Obligated Group

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 combined financial statements as a whole. The combining statements of financial position and activities as of and for the year ended December 31, 2022 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
May 30, 2023

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,924,029	\$ 34,891,194
Investments	24,270,480	26,255,292
Assets Whose Use is Limited	1,074,874	1,024,632
Accounts Receivable	31,890,271	29,010,318
Prepaid Expenses and Other Current Assets	3,200,381	4,024,257
Due from Third-Party Payors, Net	1,044,192	-
Due from Affiliates	11,428,449	9,899,561
Total Current Assets	<u>89,832,676</u>	<u>105,105,254</u>
PROPERTY, PLANT, AND EQUIPMENT, NET	175,661,762	105,315,321
ASSETS WHOSE USE IS LIMITED, LESS CURRENT PORTION	125,000	1,465,295
GOODWILL AND INTANGIBLE ASSETS	10,575,570	2,261,216
OTHER LONG-TERM ASSETS	<u>679,675</u>	<u>914,831</u>
Total Assets	<u><u>\$ 276,874,683</u></u>	<u><u>\$ 215,061,917</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 12,984,969	\$ 10,672,080
Accrued Expenses	7,088,400	7,958,744
Accrued Salaries and Related Withholdings	5,370,459	6,667,282
Other Current Liabilities	256,036	9,115,509
Due to Berkshire Health Systems, Inc.	166,140	1,073,110
Current Portion of Notes Payable - Berkshire Health Systems, Inc.	293,123	285,181
Due to Third-Party Payors	-	19,604
Current Portion of Long-Term Obligations	5,051,899	3,730,319
Total Current Liabilities	<u>31,211,026</u>	<u>39,521,829</u>
DEFERRED REVENUE AND OTHER	444,733	2,480,876
LONG-TERM LIABILITIES		
Notes Payable - Berkshire Health Systems, Inc., Less Current Portion	225,189	518,314
Long-Term Obligations, Less Current Portion	<u>166,852,517</u>	<u>92,539,165</u>
Total Liabilities	198,733,465	135,060,184
NET ASSETS	<u>78,141,218</u>	<u>80,001,733</u>
Total Liabilities and Net Assets	<u><u>\$ 276,874,683</u></u>	<u><u>\$ 215,061,917</u></u>

See accompanying Notes to Combined Financial Statements.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

	<u>2022</u>	<u>2021</u>
REVENUES		
Patient Service Revenue	\$ 190,476,186	\$ 181,214,396
Resident Services	6,936,421	7,105,224
Other Operating Revenue	20,934,890	33,393,882
Total Revenues	<u>218,347,497</u>	<u>221,713,502</u>
EXPENSES		
Salaries and Wages	79,427,155	79,199,457
Fringe Benefits	17,039,499	21,209,840
Other Expenses	109,525,186	95,150,365
Depreciation and Amortization	7,551,827	7,512,143
Interest	2,734,616	2,632,665
Provision for Uncollectible Accounts	1,751,543	2,291,348
Total Expenses	<u>218,029,826</u>	<u>207,995,818</u>
LOSS ON DISPOSAL OF ASSETS	(21,589)	(39,655)
INCOME FROM OPERATIONS	296,082	13,678,029
UNREALIZED GAINS (LOSS) ON INVESTMENTS	<u>(2,156,597)</u>	<u>2,314,576</u>
INCREASE (DECREASE) IN NET ASSETS	(1,860,515)	15,992,605
Net Assets - Beginning of Year	<u>80,001,733</u>	<u>64,009,128</u>
NET ASSETS - END OF YEAR	<u><u>\$ 78,141,218</u></u>	<u><u>\$ 80,001,733</u></u>

See accompanying Notes to Combined Financial Statements.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (1,860,515)	\$ 15,992,605
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	7,551,827	7,512,143
Amortization of Bond Discount and Cost of Issuance	97,539	100,805
Amortization of Entrance Fees	(75,800)	(37,968)
Unrealized (Gain) Loss on Investments	2,156,597	(2,314,576)
Transfer of Fixed Assets	-	(143,378)
Loss on Disposal of Fixed Assets	21,589	39,655
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(2,879,953)	(3,730)
Prepaid Expenses and Other Current Assets	823,876	2,626,538
Due from Third-Party Payors, Net	(1,063,796)	(9,316,582)
Due from Affiliates	(1,528,888)	(745,971)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,312,889	(286,554)
Accrued Expenses	(870,344)	725,866
Accrued Salaries and Related Withholdings	(1,296,823)	(2,110,470)
Accrued Lease Costs	(1,948,365)	(606,337)
Other Current Liabilities	45,944	5,871,473
Deferred Revenue	(8,905,417)	(12,346,025)
Due to Berkshire Health Systems, Inc.	(906,970)	39,079
Net Cash Provided (Used) by Operating Activities	<u>(8,326,610)</u>	<u>4,996,573</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(77,888,595)	(7,021,539)
Purchase of Intangible Assets	(8,314,354)	-
Purchases of Investments	(1,669,710)	(3,469,273)
Sales and Maturities of Investments	1,497,925	2,844,933
Net Change in Assets Whose Use is Limited	1,290,053	(1,337,881)
Change in Other Long-Term Assets	203,894	(142,358)
Net Cash Used by Investing Activities	<u>(84,880,787)</u>	<u>(9,126,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Bonds	(3,613,706)	(2,907,542)
Payments on Leases and Installment Notes Due	(118,502)	(112,576)
Bond Proceeds	80,000,000	2,761,037
Payments of Cost of Bond Issuance	(730,399)	-
Refundable and Nonrefundable Fees Received, Net	(11,978)	128,284
Payments to Berkshire Health Systems, Inc.	(285,183)	(277,455)
Net Cash Provided (Used) by Financing Activities	<u>75,240,232</u>	<u>(408,252)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(17,967,165)	(4,537,797)
Cash and Cash Equivalents - Beginning of Year	<u>34,891,194</u>	<u>39,428,991</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 16,924,029</u>	<u>\$ 34,891,194</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 2,647,113</u>	<u>\$ 2,265,563</u>

See accompanying Notes to Combined Financial Statements.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 1 ORGANIZATION

Fairview Extended Care Services, Inc. (FECS), Hillcrest Extended Care Services, Inc. (HECS) and Pittsfield Management Systems, Inc. (PMS) (collectively, the Company or Obligated Group) are subsidiaries of Integritus Healthcare Systems, Inc. (Integritus), their sole corporate member.

On July 2, 2007, WECS and its subsidiaries became obligated under the FECS Trust Indenture, thereby creating the Fairview Extended Care Services, Inc., Willowood Extended Care Services, Inc. Obligated Group. On December 30, 2010, PMS was admitted as a member of the Obligated Group. On December 1, 2022, CEC Management Systems, Inc. was admitted as a member of the Obligated Group.

These special-purpose combined financial statements have been prepared for the purpose of complying with reporting requirements under the Obligated Group Master Trust Indenture. They include the accounts of FECS, WECS, PMS, CECMS and their respective controlled subsidiaries. The following is a summary of the organizations included in the accompanying combined financial statements.

Organization	Nature and Purpose
Parents	
Fairview Extended Care Services, Inc.	A corporation that owns nursing home property and, through its subsidiaries, provides skilled nursing services to its residents, primarily from Massachusetts.
Willowood Extended Care Services, Inc.	A corporation that owns nursing home property and provides skilled nursing services to its residents, primarily from Western Massachusetts, and New York.
CEC Management Systems, Inc. (CECMS)	A corporation that owns nursing home property, and through its subsidiaries, provides skilled nursing services to its residents, primarily from Massachusetts.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 1 ORGANIZATION (CONTINUED)

Organization	Nature and Purpose
Nursing Homes	
Massachusetts	
<ul style="list-style-type: none"> • East Longmeadow Skilled Nursing (and East Longmeadow Memory Care Center) • Hunt Nursing and Rehabilitation Center • Pilgrim Rehabilitation and Skilled Nursing Center • Windsor Skilled Nursing and Rehabilitation Center • Hillcrest Extended Care Services, Inc. (Hillcrest Commons) • Willowood of Great Barrington, Inc. (Fairview Commons) • Willowood of North Adams, Inc. (North Adams Commons) • Willowood of Williamstown, Inc. (Williamstown Commons) • Greenfield Management Systems, Inc. (Charlene Manor) • Northampton Management Systems, Inc. • (Linda Manor and Linda Manor Assisted Living) • New Bedford Management Systems, Inc. (Hathaway Manor) • Bourne Management Systems, Inc. (Bourne Manor) 	Skilled nursing facilities organized for the delivery of skilled nursing services within a long-term care environment.
Pittsfield Management Systems, Inc. (Mount Greylock or PMS)	A skilled nursing facility organized for the delivery of skilled nursing services in a long-term care environment.
Holyoke Retirement Community, Inc. (dba: Day Brook Village Senior Living) (HRC)	A corporation organized to provide continuing care retirement services in residential accommodations to residents from western Massachusetts. The corporation also operates a skilled nursing facility and an assisted living for its residents.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
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PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The combined 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 combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Measure

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

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 Company 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 Company 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 Company's ROU assets.

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

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

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 Board designation, loan agreements or bond indentures. The Obligated Group maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Obligated Group believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Assets Whose Use Is Limited

The Obligated Group classifies all investments as other than trading securities, in accordance with ASC 320, *Investments – Debt and Equity Securities*, based upon the Obligated Group's ability to utilize these securities to fund current operations. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the combined statements of financial position. Assets whose use is limited, either under terms of bond indentures, financing agreements or through Board designation for identified purposes, are invested primarily in government-secured obligations, corporate bonds and money market accounts, and are carried at fair value in the combined statements of financial position.

Investment Income

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in other operating revenue. Investment income consists of income generated on cash equivalents, investments, and assets 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 \$3,182,104 and \$3,256,286 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 Fixed Equipment	5 to 20 Years

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

**FAIRVIEW EXTENDED CARE SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Intangible Assets

Goodwill recorded in connection with the acquisition of WECS and its subsidiaries represents the excess of purchase price over the fair value of net assets purchased. The carrying amount of goodwill was \$2,261,216 as of December 31, 2022 and 2021. No impairment losses were recognized during 2022 or 2021, and there are no accumulated impairment losses to date.

Intangible assets recorded in connection with the acquisition of CEC buildings, improvements, furnishings and equipment represent the nursing home licenses and trade names acquired. The carrying amount of intangible assets was \$8,314,354 as of December 31, 2022. No impairment losses were recognized during 2022, and there are no accumulated impairment losses to date.

Other Long-Term Assets

Other long-term assets consist of lease deposits and other deferred charges.

Deferred Revenue from Nonrefundable Fees

Entrance fees paid by HRC residents, net of the refundable portion, are recorded as deferred revenue and are amortized over the estimated actuarial life of the resident, which is re-evaluated on an annual basis.

Refundable Entrance Fees

Refundable entrance fees represent primarily the refundable portion of Holyoke Retirement Community, Inc., residents' fees which amounts to either a 90% refundable contract or a declining balance contract. Refundable entrance fees paid by residents are recorded as a liability and are not amortized.

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 Obligated Group's net assets are without donor restriction and represent resources that may be expended at the discretion of the Board of Trustees.

Revenue Recognition

Patient revenue and resident services is reported at the amount that reflects the consideration the Obligated Group expects to receive in exchange for the services provided. These amounts are due from patients or third-party payors. Performance obligations are determined based on the nature of the services provided. Patient revenue is recognized as performance obligations are satisfied. The Obligated Group recognizes revenue in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606). See Note 3 for details.

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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The expenses that are allocated include the following:

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

Income Taxes

All members of the Obligated Group are nonprofit 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 combined 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 Company evaluated the impact of subsequent events through May 30, 2023, the date at which the combined financial statements were available to be issued.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 3 REVENUES FROM CONTRACTS WITH CUSTOMERS

The Obligated Group's specific revenue recognition policies are as follows:

Patient Revenue from Skilled Nursing Center

The Obligated Group recognizes patient revenue from the skilled nursing center at the estimated transaction price 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. Performance obligations are determined based on the nature of the services provided. Daily service revenue is recognized as performance obligations are satisfied. 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 a result of an audit.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that the Obligated Group 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 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.

Resident Services

Under HRC's independent living agreements, HRC 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.

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NOTE 3 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Resident Services (Continued)

HRC'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. The nonrefundable 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. The refundable portion of the entrance fees is not considered part of contract liabilities under ASC 606.

Assisted Living Revenue

Obligated Group'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. Under Linda Manor Assisted Living agreements, services are provided to residents for a stated monthly fee. Assisted living and Independent agreements may be terminated after 60 days' notice. Revenue is recognized on a monthly basis for assisted living fees and is included with resident services on the consolidated statements of activities.

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 Obligated Group 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 Obligated Group'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 Obligated Group 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 Obligated Group otherwise would have recognized is one year or less in duration.

Contract asset and liability balances were as follows:

	Accounts Receivable	Non-refundable entrance fees
January 1, 2021	\$ 29,006,588	\$ 106,780
December 31, 2021	29,010,318	129,365
December 31, 2022	31,890,271	109,912

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NOTE 4 PURCHASE OF SKILLED NURSING FACILITIES

In December 2022, CECMC acquired real property related to the Bourne Manor, Hathaway Manor, Charlene Manor, Linda Manor, and Linda Manor Assisted Living facilities for \$81,500,000. The purchase was financed through the issuance of Massachusetts Development Finance Authority bonds (see Note 9). Prior to the acquisition, CECMC had leased this property from an unrelated third party under a long-term lease. The allocation of the purchase price was as follows:

Land	\$ 15,006,971
Building and building improvements	55,491,013
Furniture, fixtures, and equipment	2,687,662
Intangible assets	8,314,354
Total	<u>\$ 81,500,000</u>

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 and Cash Equivalents	\$ 2,876,230	\$ 2,876,230	\$ 3,991,296	\$ 3,991,296
U.S. Treasury Obligations	3,684,993	4,022,258	3,691,653	445,842
Collateralized Mortgage Obligations	-	-	205,133	204,428
Domestic Corporate Bonds	2,734,761	3,017,128	3,690,469	3,647,713
Domestic Equity Securities	12,999,163	11,424,178	16,254,684	2,150,892
Domestic Mutual Funds	2,427,087	2,322,185	911,984	881,906
Domestic Bond Funds	233,845	250,000	-	-
International Mutual Funds	317,907	437,357	-	-
International Bond Fund	74,816	75,089	-	-
Real Assets	43,752	39,942	-	-
International equity	77,800	55,935	-	-
Total	<u>\$ 25,470,354</u>	<u>\$ 24,520,302</u>	<u>\$ 28,745,219</u>	<u>\$ 11,322,077</u>

The Company classifies its investments as current on the accompanying combined statements of financial position due to its ability to liquidate certain or all investment amounts as needed for operational purposes.

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

Investment income and realized gains and losses on investments consisted of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Income:		
Interest and Dividends	\$ 725,002	\$ 667,800
Realized Gains	1,320,972	134,251
Investment Fees	(100,280)	(99,092)
Total	<u>\$ 1,945,694</u>	<u>\$ 702,959</u>
Other Changes in Net Assets Without Donor Restrictions:		
Unrealized Gains (Losses)	<u>\$ (2,156,597)</u>	<u>\$ 2,314,576</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.

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

	<u>2022</u>	<u>2021</u>
Replacement Reserves and Other	\$ 125,000	\$ 1,465,295
Trust Funds Held for Patient Use	1,074,874	1,024,632
Total	<u>\$ 1,199,874</u>	<u>\$ 2,489,927</u>

NOTE 6 DUE FROM AFFILIATES

Amounts due from affiliates represent receivables from affiliated entities participating with the Obligated Group through Integritus under common contracts, including group self-insured workers' compensation insurance, property insurance, liability insurance and management services.

NOTE 7 PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment is as follows at December 31:

	<u>2022</u>	<u>2021</u>
Land and Improvements	\$ 28,935,954	\$ 13,217,442
Buildings and Improvements	219,090,186	154,281,619
Furniture and Fixed Equipment	46,318,533	44,627,480
Construction in Progress	268,973	4,620,097
Subtotal	294,613,646	216,746,638
Less: Accumulated Depreciation	118,951,884	111,431,317
Net Property, Plant, and Equipment	<u>\$ 175,661,762</u>	<u>\$ 105,315,321</u>

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NOTE 8 DEFERRED REVENUE, REFUNDABLE ENTRANCE FEES, AND OTHER

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

	2022	2021
Deferred Revenue from Nonrefundable Entrance Fees	\$ 109,192	\$ 129,365
Refundable Entrance Fees	335,541	403,146
Deferred Lease Obligation	-	1,948,365
Total	<u>\$ 444,733</u>	<u>\$ 2,480,876</u>

NOTE 9 LONG-TERM OBLIGATIONS

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

	2022	2021
Bonds Payable, Current Portion	\$ 4,931,573	\$ 3,613,580
Leases and Installment Purchases, Current Portion	120,326	116,739
Current Portion of Long-Term Obligations	<u>\$ 5,051,899</u>	<u>\$ 3,730,319</u>
Bonds Payable, Long-Term Portion	\$ 166,759,817	\$ 92,324,373
Leases and Installment Purchases, Long-Term Portion	92,700	214,792
Long-Term Obligations, Less Current Portion	<u>\$ 166,852,517</u>	<u>\$ 92,539,165</u>

Bonds Payable

	2022	2021
Total Principal	\$ 173,581,672	\$ 97,195,034
Less: Current Portion	4,931,573	3,613,580
Long-Term Portion	168,650,099	93,581,454
Less: Unamortized Debt Issuance Cost	1,890,282	1,257,081
Bonds Payable, Long-Term Portion	<u>\$ 166,759,817</u>	<u>\$ 92,324,373</u>

On December 28, 2017, the Obligated Group entered into a loan agreement with the Massachusetts Development Finance Agency (MDFA) to issue \$28,000,000 Series B tax exempt construction drawdown bonds. The bonds were purchased by TD Bank, N.A. The proceeds of the bonds were used to build a replacement skilled nursing facility on the campus of the existing facility located in East Longmeadow, Massachusetts and re-purpose the former skilled nursing facility into a 20-unit dementia assisted living facility. The bonds bear a fixed interest rate of 0.6925 times the Eight-Year FHLB Rate plus 1% times the Margin Rate Factor (2.43% at December 31, 2022 and 2021). The term of the loan agreement with TD Bank, N.A., is for 10 years with a 30-year loan amortization period. Total capitalized interest is \$589,944 and \$534,575 as of December 31, 2022 and 2021, respectively.

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NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

In November 2016, the Obligated Group refinanced and entered into a loan agreement with MDFA and issued fixed rate revenue bonds (Fairview-Hillcrest-Pittsfield Obligated Group, Series A) with a face value of \$72,811,000. The bonds were purchased by TD Bank, N.A., with a term loan agreement for 10 years with a 25-year loan amortization period and interest at a fixed rate of 2.74%. Payments are payable on a monthly basis starting January 2017. After 10 years, in 2026, the bonds are required to be repurchased. The bonds have a final maturity date of December 2041. The proceeds were used to pay off the remaining bonds and notes outstanding.

On December 1, 2022, the Obligated Group entered into two loan agreements with MDFA and issued fixed rate revenue bonds (Fairview-Hillcrest-Pittsfield Obligated Group, Series C-1 and Series C-2) with a combined face value of \$80,000,000. The Series C-1 bonds for \$55,000,000 were purchased by TD Bank, N.A., with a term loan agreement for 10 years with a 30-year amortization period and interest at a fixed rate of 4.71%. Payments are payable on a monthly basis starting February 2023. After 10 years, in 2032, the bonds are required to be repurchased. The bonds have a final maturity date of December 2052. The Series C-2 bonds for \$25,000,000 were purchased by Webster Bank, N.A., with a term loan agreement for 10 years with a 30-year amortization period and interest at a fixed rate of 4.71%. Payments are payable on a monthly basis starting February 2023. After 10 years, in 2032, the bonds are required to be repurchased. The bonds have a final maturity date of December 2052. The proceeds from Series C-1 and Series C-2 were used for the purchase of property by CECMS (see Note 4).

Financial covenants for the bonds include a liquidity ratio of at least 20% of total funded debt, a debt service coverage ratio of at least 1.20X and an occupancy ratio of at least 85%. If the occupancy covenant is not achieved, compliance with this ratio is mitigated if debt service coverage exceeds 1.45X. The Obligated Group was in compliance with these requirements as of December 31, 2022 and 2021.

On October 31, 2017, HRC entered into a loan agreement with the MDFA to issue \$7,820,000 Series A tax exempt bonds and \$1,275,000 Series B bonds. The bonds were purchased by People's United Muni Finance Corp. The proceeds of the bonds were used to acquire the real estate and contents of property located in Holyoke, Massachusetts. The term of the loan agreement with People's United Muni Finance Corp for the Series A bonds is for 10 years with a 25-year loan amortization and a fixed rate of 3.38%. The term for the series B bonds is for ten years with a fixed interest rate of 3.50%.

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NOTE 9 LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

Principal payments due or required as mandatory sinking fund payments for bonds outstanding are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 4,931,573
2024	5,074,973
2025	5,250,028
2026	5,402,795
2027	5,559,629
Thereafter	147,362,674
Total	<u>\$ 173,581,672</u>

Leases and Installment Purchases

During 2017, the Obligated Group purchased certain property, plant and equipment for \$886,676 via notes and capital leases. The net carrying value of property, plant and equipment under notes and leases totaled \$309,239 and \$464,017 as of December 31, 2022 and 2021, respectively. The outstanding balance of leases as of December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Total	\$ 213,026	\$ 331,531
Less: Current Portion	120,326	116,739
Long-Term Portion	<u>\$ 92,700</u>	<u>\$ 214,792</u>

Future minimum payments under the leases subsequent to December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 120,284
2024	99,262
Total Minimum Lease Payments	219,546
Less: Amounts Representing Interest	6,520
Net Present Value of Future Minimum Payments	<u>\$ 213,026</u>

In December 2021, the Obligated Group entered into a line of credit agreement for \$10 million. Interest is calculated at the greater of Prime Rate and the overnight Federal Funds rate plus 0.5%. The line expired in December 2022. There are no amounts outstanding on the line as of December 31, 2022.

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NOTE 10 TRANSACTIONS WITH BERKSHIRE HEALTH SYSTEMS, INC.

The Obligated Group purchased certain services from Berkshire Health Systems, Inc. (BHS) including management services from BHS Management Services, Inc. (BHSMS), a subsidiary of BHS, through May 2022. The costs of such services were \$14,618,927 and \$15,126,374 in 2022 and 2021, respectively, and have been classified in the combined statements of activities as other expenses. Amounts due to BHS and BHSMS for such services were \$166,140 and \$1,073,110 at December 31, 2022 and 2021, respectively.

On September 1, 2009, Integritus acquired the net assets of PMS from BHS and issued a promissory note to BHS in the amount of \$3,729,396, an amount equal to the net book value of PMS's net assets at the time of the transaction. The note bears interest at 2.75% per annum and is payable in monthly installments of principal and interest of \$25,308. The note matures in September 2024.

Scheduled maturities are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 293,125
2024	225,187
Total	<u>\$ 518,312</u>

NOTE 11 CONSTRUCTION COMMITMENTS

As of December 31, 2018, Integritus had entered into a contract with the general contractor for a construction project to build a replacement skilled nursing facility and repurpose the previous skilled nursing facility as a dementia assisted living facility on the campus of the existing facility at East Longmeadow Skilled Nursing Home. The Contract called for costs totaling \$30,000,000 for the nursing and assisted living facilities. The nursing facility was completed in March 2020. The assisted living facility is due to be completed in June 2022 costing approximately \$3,845,000.

NOTE 12 PROFESSIONAL LIABILITY INSURANCE

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

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NOTE 12 PROFESSIONAL LIABILITY INSURANCE (CONTINUED)

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

NOTE 13 WORKERS' COMPENSATION INSURANCE

Integritus self-insured its workers' compensation risk in Massachusetts under a program approved by the Commonwealth of Massachusetts Department of Industrial Accidents. The program is secured by a surety bond in the amount of \$4,890,000. The Company reinsures losses in excess of \$500,000 per claim. The Company establishes reserves with the assistance of third-party administrators for losses incurred. This reserve is included in accrued expenses within the combined statements of financial position. 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 combined statements of activities of future years when such adjustments, if any, become known. The workers compensation outstanding liability amount as of December 31, 2022 and 2021 was approximately \$1,926,884 and \$2,966,691, respectively.

NOTE 14 RETIREMENT PLAN

Integritus maintains a 403(b)-retirement savings plan (the Plan), covering substantially all employees of the Company. For 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 in the years ended December 31, 2022 and 2021 were approximately \$169,234 and \$181,056, respectively.

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NOTE 15 CONCENTRATIONS OF CREDIT RISK

The Obligated Group grants credit without collateral to its patients, some of whom are insured under third-party payor agreements. At December 31, 2022 and 2021, the percentages of accounts receivable from patients and third-party payors, exclusive of estimated settlements, included in the balance of accounts receivable were as follows:

	2022	2021
Medicare	17%	18%
Medicaid	41%	38%
Patients (Residents and Nonresidents) and Other	42%	44%
Total	<u>100%</u>	<u>100%</u>

Revenues from the Medicare and Medicaid programs accounted for approximately 34% and 38%, respectively, of the Obligated Group's net patient service revenues for the year ended December 31, 2022, and 36% and 40%, respectively, of the Obligated Group's net patient service revenues for the year ended December 31, 2021.

NOTE 16 REVENUE BY PAYOR

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

	Patient Revenue From Skilled Nursing Facilities	
	2022	2021
Private	\$ 22,001,880	\$ 15,989,985
Medicaid	71,843,828	73,318,327
Medicare	64,910,351	66,109,223
Other Third-Party Payors	31,720,127	25,796,861
Total	<u>\$ 190,476,186</u>	<u>\$ 181,214,396</u>

NOTE 17 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Obligated Group's combined financial assets at December 31:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 16,924,029	\$ 34,891,194
Investments	24,270,480	26,255,292
Accounts Receivable	<u>31,890,271</u>	<u>29,010,318</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Month	<u>\$ 73,084,780</u>	<u>\$ 90,156,804</u>

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NOTE 17 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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

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	\$ 75,227,862	\$ 4,199,293	\$ 79,427,155
Fringe Benefits	16,138,625	900,874	17,039,499
Nursing and Rehab Agency	48,902,788	-	48,902,788
Utilities	3,848,331	-	3,848,331
Food	4,957,554	-	4,957,554
Management Fee	-	14,618,927	14,618,927
Other Expenses	28,077,956	9,119,630	37,197,586
Depreciation and Amortization	7,551,827	-	7,551,827
Interest	2,734,616	-	2,734,616
Provision for Uncollectible Accounts	1,751,543	-	1,751,543
Total Operating Expenses	<u>\$ 189,191,102</u>	<u>\$ 28,838,724</u>	<u>\$ 218,029,826</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	\$ 74,900,868	\$ 4,298,589	\$ 79,199,457
Fringe Benefits	20,040,274	1,169,566	21,209,840
Nursing and Rehab Agency	36,214,604	-	36,214,604
Utilities	3,563,896	-	3,563,896
Food	4,246,752	-	4,246,752
Management Fee	-	15,126,374	15,126,374
Other Expenses	24,680,672	11,318,067	35,998,739
Depreciation and Amortization	7,512,143	-	7,512,143
Interest	2,632,665	-	2,632,665
Provision for Uncollectible Accounts	2,291,348	-	2,291,348
Total Operating Expenses	<u>\$ 176,083,222</u>	<u>\$ 31,912,596</u>	<u>\$ 207,995,818</u>

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NOTE 19 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 methodology 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.

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NOTE 19 FAIR VALUE MEASUREMENTS (CONTINUED)

Equity Securities

Equity securities are valued at the closing price reported in the active market in which the individual obligations are traded.

Mutual Funds

Mutual funds are valued at the quoted market value of shares held by the Company at year-end.

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 Integrity 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	\$ 3,684,993	\$ -	\$ -	\$ 3,684,993
Domestic Corporate Bonds	-	2,734,761	-	2,734,761
Domestic Equity Securities	12,999,163	-	-	12,999,163
Domestic Mutual and Bond Funds	2,660,932	-	-	2,660,932
International Equities	77,800	-	-	77,800
International Mutual and Bond Funds	392,723	-	-	392,723
Total	<u>\$ 19,815,611</u>	<u>\$ 2,734,761</u>	<u>\$ -</u>	<u>\$ 22,550,372</u>

Financial assets and liabilities 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	\$ 3,691,653	\$ -	\$ -	\$ 3,691,653
Collateralized Mortgage Obligations	-	205,133	-	205,133
Domestic Corporate Bonds	-	3,690,469	-	3,690,469
Domestic Equity Securities	16,254,684	-	-	16,254,684
Domestic Mutual Funds	911,984	-	-	911,984
Total	<u>\$ 20,858,321</u>	<u>\$ 3,895,602</u>	<u>\$ -</u>	<u>\$ 24,753,923</u>

The Obligated Group's long-term debt obligations are reported at carrying value. At December 31, 2022 and 2021, the carrying value of the Obligated Group's long-term debt obligations approximated fair value. There were no transfers between levels of investments during the years ended December 31, 2022 and 2021.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
HILLCREST EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 (AUDITED) AND 2021 (COMPILED)**

NOTE 20 CONTINGENCY

The Obligated Group 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 Obligated Group's financial position or results of operations or cash flows.

NOTE 21 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 Obligated Group incurred costs related to the pandemic response totaling approximately \$2,752,000 of which \$2,322,000 was expensed, \$415,000 is in inventory and \$15,000 is capital expenditures. 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 Obligated Group received \$9,966,254 in advanced payments from the Medicare program. These payments were included in due to third-party payors on the accompanying combined statements of financial position and Medicare recouped these amounts beginning in April 2021. The balance as of December 31, 2022 is \$-0-.

During May 2021, the Obligated Group received Paycheck Protection Program (PPP) loans of \$18,051,504 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These PPP loans were available to be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreements and the CARES Act. Therefore, the Obligated Group classified these loans as conditional contributions for accounting purposes. During the years ended December 31, 2022 and 2021, the Obligated Group received notification of forgiveness of \$5,838,091 and \$12,213,413, respectively, in PPP loans. The corresponding forgiveness income is included as part of other operating revenues in the accompanying consolidated statements of activities.

During the years ended December 31, 2022 and 2021, the Company received \$9,636,803 and \$10,122,631, respectively, in grant proceeds through the Provider Relief Program (PRF) under the CARES Act. Under the PRF grant, the Company is required to use the grant proceeds to cover certain expenditures or lost healthcare revenues that occurred due to the COVID pandemic. The grant period runs through December 31, 2022. The Company recognized revenue under the programs of \$12,200,449 and \$18,769,086 during the years ended December 31, 2022 and 2021, respectively, as included in other operating revenue on the combined statement of activities, for qualifying expenses incurred through that date.

**FAIRVIEW EXTENDED CARE SERVICES, INC.
WILLOWOOD EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Fairview Extended Care Services, Inc.	East Longmeadow Skilled Nursing	East Longmeadow Assisted Living Center	Hunt Nursing and Rehabilitation	Pilgrim Rehabilitation and Skilled Nursing	Windsor Skilled Nursing and Rehabilitation	Willowood Extended Care Services, Inc.	Fairview Commons	North Adams Commons	Williamstown Commons
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 3,143,006	\$ 76,717	\$ 80,373	\$ 141,398	\$ (183)	\$ 233,337	\$ 7,223,940	\$ 61,638	\$ 104,763	\$ 101,089
Investments	24,270,480	-	-	-	-	-	-	-	-	-
Assets Whose Use is Limited	-	34,186	500	69,645	50,077	43,578	-	93,128	33,577	35,928
Accounts Receivable	-	2,483,090	(36,632)	2,393,057	1,836,707	1,846,063	-	2,702,787	1,703,276	1,308,259
Prepaid Expenses and Other Current Assets	29,616	211,553	14,333	168,781	159,395	158,587	-	142,517	86,669	155,049
Due from Third-Party Payors, Net	-	197,207	-	229,048	558,903	666,954	-	198,622	358,317	-
Due from Affiliates	-	6,498,971	-	-	769,685	-	-	-	-	14,777,711
Total Current Assets	27,443,102	9,501,724	58,574	3,001,929	3,374,584	2,948,519	7,223,940	3,198,692	2,286,602	16,378,036
PROPERTY, PLANT, AND EQUIPMENT, NET	2,359	25,549,462	5,184,163	3,051,812	3,550,136	1,370,010	-	9,236,513	8,214,489	11,705,489
ASSETS WHOSE USE IS LIMITED, LESS CURRENT PORTION	-	-	-	-	-	-	-	-	-	-
GOODWILL	-	-	-	-	-	-	-	146,673	792,689	1,321,854
OTHER LONG-TERM ASSETS	-	5,240	190,974	-	-	-	-	9,790	4,950	171
Total Assets	<u>\$ 27,445,461</u>	<u>\$ 35,056,426</u>	<u>\$ 5,433,711</u>	<u>\$ 6,053,741</u>	<u>\$ 6,924,720</u>	<u>\$ 4,318,529</u>	<u>\$ 7,223,940</u>	<u>\$ 12,591,668</u>	<u>\$ 11,298,730</u>	<u>\$ 29,405,550</u>
LIABILITIES AND NET ASSETS (DEFICIT)										
CURRENT LIABILITIES										
Accounts Payable	\$ 66,989	\$ 956,664	\$ 22,173	\$ 939,571	\$ 1,128,234	\$ 932,531	\$ 121,969	\$ 1,047,065	\$ 695,102	\$ 900,446
Accrued Expenses	2,330	867,905	44,642	597,973	(31,729)	731,162	-	606,620	362,689	412,319
Accrued Salaries and Related Withholdings	-	341,511	16,763	269,783	264,796	181,198	(2,388)	289,116	272,647	427,174
Other Current Liabilities	-	531	-	655	681	471	-	-	-	-
Due to Berkshire Health Systems, Inc.	-	4,644	-	4,553	8,259	5,274	-	7,970	7,192	11,564
Current Portion of Notes Payable - Berkshire Health Systems, Inc.	-	-	-	-	-	-	-	-	-	-
Due to Third-Party Payors	-	-	-	-	-	-	-	-	-	578,532
Due to Affiliates	2,511,366	-	3,328,150	8,662,913	-	12,807,333	6,916,830	8,417,508	10,456	-
Current Portion of Long-Term Obligations	-	1,070,117	89,700	180,921	206,457	182,846	-	367,254	163,209	384,966
Total Current Liabilities	2,580,685	3,241,372	3,501,428	10,656,369	1,576,698	14,840,815	7,036,411	10,735,533	1,511,295	2,715,001
LONG-TERM LIABILITIES										
Notes Payable - Berkshire Health Systems, Inc., Less Current Portion	-	-	-	-	-	-	-	-	-	-
Long-Term Obligations, Less Current Portion	-	28,154,433	2,503,800	4,022,045	4,616,309	4,068,645	-	8,355,850	3,606,691	8,770,373
Total Liabilities	2,580,685	31,395,805	6,005,228	14,678,414	6,193,007	18,909,460	7,036,411	19,091,383	5,117,986	11,485,374
NET ASSETS (DEFICIT)	<u>24,864,776</u>	<u>3,660,621</u>	<u>(571,517)</u>	<u>(8,624,673)</u>	<u>731,713</u>	<u>(14,590,931)</u>	<u>187,529</u>	<u>(6,499,715)</u>	<u>6,180,744</u>	<u>17,920,176</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 27,445,461</u>	<u>\$ 35,056,426</u>	<u>\$ 5,433,711</u>	<u>\$ 6,053,741</u>	<u>\$ 6,924,720</u>	<u>\$ 4,318,529</u>	<u>\$ 7,223,940</u>	<u>\$ 12,591,668</u>	<u>\$ 11,298,730</u>	<u>\$ 29,405,550</u>

**FAIRVIEW EXTENDED CARE SERVICES, INC.
WILLOWOOD EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Hillcrest Commons	Pittsfield Management Systems, Inc.	Holyoke Retirement Community, Inc.	Bourne Management Systems, Inc. (Bourne Manor)	Greenfield Management Systems, Inc. (Charlene Manor)	New Bedford Management Systems, Inc. (Hathaway Manor)	Northampton Management Systems, Inc. (Linda Manor)	Linda Manor Assisted Living	CEC Management Systems, Inc.	Eliminations and Reclassifications	Fairview - Hillcrest - Pittsfield Obligated Group
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 321,736	\$ 4,448,309	\$ 304,226	\$ 129,508	\$ 67,961	\$ 182,600	\$ 2,822,474	\$ (2,488,506)	\$ (30,357)	\$ -	\$ 16,924,029
Investments	-	-	-	-	-	-	-	-	-	-	24,270,480
Assets Whose Use is Limited	183,496	278,737	20,610	74,672	33,545	73,656	35,809	13,730	-	-	1,074,874
Accounts Receivable	3,825,402	1,895,232	2,006,711	2,326,055	1,782,792	2,718,812	2,830,086	268,574	-	-	31,890,271
Prepaid Expenses and Other Current Assets	378,668	126,597	249,105	269,992	377,312	304,751	190,578	144,715	32,163	-	3,200,381
Due from Third-Party Payors, Net	-	22,993	7,997	-	29,279	-	-	-	300,062	(1,525,190)	1,044,192
Due from Affiliates	22,701,288	7,516,833	-	-	5,371,686	7,051,944	7,338,819	-	-	(60,598,488)	11,428,449
Total Current Assets	27,410,590	14,288,701	2,588,649	2,800,227	7,662,575	10,331,763	13,217,766	(2,061,487)	301,868	(62,123,678)	89,832,676
PROPERTY, PLANT, AND EQUIPMENT, NET	11,881,339	9,686,322	8,338,561	12,725,988	10,177,930	17,350,893	15,696,713	21,939,583	-	-	175,661,762
ASSETS WHOSE USE IS LIMITED, LESS CURRENT PORTION	-	-	-	125,000	-	-	-	-	-	-	125,000
GOODWILL	-	-	-	1,063,464	1,643,535	2,416,963	2,126,928	1,063,464	-	-	10,575,570
OTHER LONG-TERM ASSETS	50,500	-	-	39,337	34,261	57,863	54,876	137,558	94,155	-	679,675
Total Assets	<u>\$ 39,342,429</u>	<u>\$ 23,975,023</u>	<u>\$ 10,927,210</u>	<u>\$ 16,754,016</u>	<u>\$ 19,518,301</u>	<u>\$ 30,157,482</u>	<u>\$ 31,096,283</u>	<u>\$ 21,079,118</u>	<u>\$ 396,023</u>	<u>\$ (62,123,678)</u>	<u>\$ 276,874,683</u>
LIABILITIES AND NET ASSETS (DEFICIT)											
CURRENT LIABILITIES											
Accounts Payable	\$ 1,201,639	\$ 676,159	\$ 902,712	\$ 908,991	\$ 551,152	\$ 817,991	\$ 722,355	\$ 179,595	\$ 213,631	\$ -	\$ 12,984,969
Accrued Expenses	179,994	501,761	207,172	439,947	634,097	682,419	745,794	103,305	-	-	7,088,400
Accrued Salaries and Related Withholdings	586,569	328,617	490,016	335,045	414,136	381,460	560,527	215,284	(1,795)	-	5,370,459
Other Current Liabilities	-	-	-	-	-	-	(1,250)	254,948	-	-	256,036
Due to Berkshire Health Systems, Inc.	68,893	6,666	3,571	8,271	8,654	10,275	8,840	1,514	-	-	166,140
Current Portion of Notes Payable - Berkshire Health Systems, Inc.	-	293,123	-	-	-	-	-	-	-	-	293,123
Due to Third-Party Payors	24,862	-	-	94,331	-	478,190	349,275	-	-	(1,525,190)	-
Due to Affiliates	-	-	2,365,985	8,117,034	-	-	-	244,311	7,216,602	(60,598,488)	-
Current Portion of Long-Term Obligations	444,663	339,529	378,781	213,961	191,271	267,220	242,075	328,929	-	-	5,051,899
Total Current Liabilities	2,506,620	2,145,855	4,348,237	10,117,580	1,799,310	2,637,555	2,627,616	1,327,886	7,428,438	(62,123,678)	31,211,026
DEFERRED REVENUE AND OTHER	-	-	444,733	-	-	-	-	-	-	-	444,733
LONG-TERM LIABILITIES											
Notes Payable - Berkshire Health Systems, Inc., Less Current Portion	-	225,189	-	-	-	-	-	-	-	-	225,189
Long-Term Obligations, Less Current Portion	10,084,213	7,710,790	6,874,936	12,098,102	10,519,333	17,822,035	15,865,841	21,779,121	-	-	166,852,517
Total Liabilities	12,590,833	10,081,834	11,667,906	22,215,682	12,318,643	20,459,590	18,493,457	23,107,007	7,428,438	(62,123,678)	198,733,465
NET ASSETS (DEFICIT)	<u>26,751,596</u>	<u>13,893,189</u>	<u>(740,696)</u>	<u>(5,461,666)</u>	<u>7,199,658</u>	<u>9,697,892</u>	<u>12,602,826</u>	<u>(2,027,889)</u>	<u>(7,032,415)</u>	<u>-</u>	<u>78,141,218</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 39,342,429</u>	<u>\$ 23,975,023</u>	<u>\$ 10,927,210</u>	<u>\$ 16,754,016</u>	<u>\$ 19,518,301</u>	<u>\$ 30,157,482</u>	<u>\$ 31,096,283</u>	<u>\$ 21,079,118</u>	<u>\$ 396,023</u>	<u>\$ (62,123,678)</u>	<u>\$ 276,874,683</u>

**FAIRVIEW EXTENDED CARE SERVICES, INC.
WILLOWOOD EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Fairview Extended Care Services, Inc.	East Longmeadow Skilled Nursing	East Longmeadow Assisted Living Center	Hunt Nursing and Rehabilitation	Pilgrim Rehabilitation and Skilled Nursing	Windsor Skilled Nursing and Rehabilitation	Willowood Extended Care Services, Inc.	Fairview Commons	North Adams Commons	Williamstown Commons
REVENUES										
Patient Service Revenue	\$ -	\$ 14,614,048	\$ 117,353	\$ 10,971,180	\$ 13,830,133	\$ 10,544,945	\$ -	\$ 13,412,994	\$ 10,380,159	\$ 14,250,990
Other Operating Revenue	702,407	796,431	(5,000)	1,693,137	824,260	571,256	60,569	2,066,945	789,103	1,180,922
Total Revenues	702,407	15,410,479	112,353	12,664,317	14,654,393	11,116,201	60,569	15,479,939	11,169,262	15,431,912
EXPENSES										
Salaries and Wages	-	6,831,163	298,288	4,304,190	6,025,123	4,251,063	-	4,838,885	3,734,602	5,948,835
Fringe Benefits	-	1,302,005	27,439	995,987	1,348,979	858,768	-	1,004,155	819,008	1,380,501
Other Expenses	2,510	6,890,237	136,425	6,323,865	6,290,361	5,528,715	687	8,015,544	6,110,573	6,991,133
Depreciation and Amortization	676	1,073,103	112,365	438,401	449,701	173,664	72	625,637	606,907	827,923
Interest	-	788,342	37,816	124,379	142,685	125,806	-	257,885	111,615	270,652
Provision for Uncollectible Accounts	-	108,716	-	277,000	166,884	142,000	-	94,080	142,000	76,404
Total Expenses	3,186	16,993,566	612,333	12,463,822	14,423,733	11,080,016	759	14,836,186	11,524,705	15,495,448
LOSS ON DISPOSAL OF ASSETS	-	-	(21,589)	-	-	-	-	-	-	-
INCOME (LOSS) FROM OPERATIONS	699,221	(1,583,087)	(521,569)	200,495	230,660	36,185	59,810	643,753	(355,443)	(63,536)
UNREALIZED LOSSES ON INVESTMENTS	(2,156,597)	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(1,457,376)	(1,583,087)	(521,569)	200,495	230,660	36,185	59,810	643,753	(355,443)	(63,536)
Net Assets - Beginning of Year	26,322,152	5,243,708	(49,948)	(8,825,168)	501,053	(14,627,116)	127,719	(7,143,468)	6,536,187	17,983,712
NET ASSETS - END OF YEAR	<u>\$ 24,864,776</u>	<u>\$ 3,660,621</u>	<u>\$ (571,517)</u>	<u>\$ (8,624,673)</u>	<u>\$ 731,713</u>	<u>\$ (14,590,931)</u>	<u>\$ 187,529</u>	<u>\$ (6,499,715)</u>	<u>\$ 6,180,744</u>	<u>\$ 17,920,176</u>

**FAIRVIEW EXTENDED CARE SERVICES, INC.
WILLOWOOD EXTENDED CARE SERVICES, INC.
PITTSFIELD MANAGEMENT SYSTEMS, INC. OBLIGATED GROUP
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Hillcrest Commons	Pittsfield Management Systems, Inc.	Holyoke Retirement Community, Inc.	Bourne Management Systems, Inc. (Bourne Manor)	Greenfield Management Systems, Inc. (Charlene Manor)	New Bedford Management Systems, Inc. (Hathaway Manor)	Northampton Management Systems, Inc. (Linda Manor)	Linda Manor Assisted Living	CEC Management Systems, Inc.	Fairview - Hillcrest - Pittsfield Obligated Group
REVENUES										
Patient Service Revenue	\$ 22,888,649	\$ 13,204,198	\$ 10,611,549	\$ 12,306,291	\$ 14,092,701	\$ 14,993,329	\$ 14,257,667	\$ -	\$ -	\$ 190,476,186
Resident Services	-	-	1,916,218	-	-	-	-	5,020,203	-	6,936,421
Other Operating Revenue	1,203,036	1,796,074	697,347	1,011,716	2,549,745	2,419,036	957,865	1,617,754	2,287	20,934,890
Total Revenues	24,091,685	15,000,272	13,225,114	13,318,007	16,642,446	17,412,365	15,215,532	6,637,957	2,287	218,347,497
EXPENSES										
Salaries and Wages	7,760,311	5,124,479	5,221,379	4,252,572	5,714,713	5,822,985	6,850,639	2,447,928	-	79,427,155
Fringe Benefits	1,767,009	1,111,854	1,157,420	1,058,828	1,307,301	1,242,458	1,180,527	477,260	-	17,039,499
Other Expenses	14,183,206	6,287,275	7,377,321	9,097,354	6,026,643	9,946,654	6,955,170	3,351,388	10,125	109,525,186
Depreciation and Amortization	1,176,268	468,912	564,021	383,187	172,579	189,184	221,732	67,324	171	7,551,827
Interest	311,273	255,864	305,955	596	576	596	576	-	-	2,734,616
Provision for Uncollectible Accounts	155,000	55,476	73,000	164,000	84,228	103,000	107,000	2,755	-	1,751,543
Total Expenses	25,353,067	13,303,860	14,699,096	14,956,537	13,306,040	17,304,877	15,315,644	6,346,655	10,296	218,029,826
LOSS ON DISPOSAL OF ASSETS	-	-	-	-	-	-	-	-	-	(21,589)
INCOME (LOSS) FROM OPERATIONS	(1,261,382)	1,696,412	(1,473,982)	(1,638,530)	3,336,406	107,488	(100,112)	291,302	(8,009)	296,082
UNREALIZED LOSSES ON INVESTMENTS	-	-	-	-	-	-	-	-	-	(2,156,597)
INCREASE (DECREASE) IN NET ASSETS	(1,261,382)	1,696,412	(1,473,982)	(1,638,530)	3,336,406	107,488	(100,112)	291,302	(8,009)	(1,860,515)
Net Assets - Beginning of Year	28,012,978	12,196,777	733,286	(3,823,136)	3,863,252	9,590,404	12,702,938	(2,319,191)	(7,024,406)	80,001,733
NET ASSETS - END OF YEAR	<u>\$ 26,751,596</u>	<u>\$ 13,893,189</u>	<u>\$ (740,696)</u>	<u>\$ (5,461,666)</u>	<u>\$ 7,199,658</u>	<u>\$ 9,697,892</u>	<u>\$ 12,602,826</u>	<u>\$ (2,027,889)</u>	<u>\$ (7,032,415)</u>	<u>\$ 78,141,218</u>