REFORMED CHURCH MINISTRIES TO THE AGING,
THE PARTICULAR SYNOD OF THE MID-ATLANTICS, INC.
Financial Statements
December 31, 2020
With Independent Auditor's Report

ADVISORY TAX AUDIT

Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.
Table of Contents
December 31, 2020 (With Summarized Financial Information for 2019)

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Reformed Church Ministries to the Aging, The Particular Synod of the Mid-Atlantics, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reformed Church Ministries to the Aging, The Particular Synod of the Mid-Atlantics, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Reformed Church Ministries to the Aging, The Particular Synod of the Mid-Atlantics, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on the audited financial statements in our report dated July 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

WithumSmith+Brown, PC

August 17, 2021

Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.
Statement of Financial Position
December 31, 2020 (With Summarized Financial Information for 2019)

	2020	2019
Assets		
Current assets		
Cash	$ 1,824,885	$ 1,832,256
Accounts receivable, net	1,137,886	2,087,946
Investments	28,753,539	26,809,417
Residents' funds	44,588	47,623
Prepaid expenses and other current assets	399,613	246,552
Interest receivable	67,192	64,382
Total current assets	32,227,703	31,088,176
Property and equipment, net	12,123,869	12,806,903
Other assets		
Investment - beneficial interest in perpetual trust	768,366	706,104
Investment - deferred compensation	201,611	153,696
Residents' security deposits - restricted	341,944	365,367
Deposits	8,445	28,945
Total other assets	1,320,366	1,254,112
Total assets	$ 45,671,938	$ 45,149,191
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	$ 729,842	$ 712,989
Accounts payable and accrued expenses	1,568,861	2,071,790
Residents' funds	44,588	47,623
Total current liabilities	2,343,291	2,832,402
Long-term liabilities		
Long-term debt, net of current maturities	540,455	1,259,915
Deferred compensation payable	201,611	153,696
Residents' security deposits	341,944	365,367
Total liabilities	3,427,301	4,611,380
Net assets		
Without donor restrictions	40,896,222	39,252,096
With donor restrictions	1,348,415	1,285,715
Total net assets	42,244,637	40,537,811
Total liabilities and net assets	$ 45,671,938	$ 45,149,191

The Notes to Financial Statements are an integral part of this statement.

Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020 (With Summarized Financial Information for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues				
Nursing service revenues	$ 12,225,901	$ -	$ 12,225,901	$ 14,508,907
Residential service revenues	3,018,548	-	3,018,548	3,240,486
Ancillary service revenues	463,331	-	463,331	405,248
Net assets released from restrictions	18,812	(18,812)	-	-
	15,726,592	(18,812)	15,707,780	18,154,641
Operating expenses				
Program services	17,595,819	-	17,595,819	17,642,615
General and administrative	1,306,721	-	1,306,721	1,368,144
Fundraising development	95,974	-	95,974	99,379
	18,998,514	-	18,998,514	19,110,138
(Deficiency) of operating revenues over expenses	(3,271,922)	(18,812)	(3,290,734)	(955,497)
Other revenues (expenses)				
CARES grant funding	1,008,028	-	1,008,028	-
Paycheck Protection Program grant income	1,884,370	-	1,884,370	-
Contributions - Reformed Churches	14,602	-	14,602	11,736
Contributions - other	71,330	18,655	89,985	90,718
Special events, net of expenses of $0 in 2020 and $35,799 in 2019	-	-	-	36,376
Legacies and bequests	26,050	-	26,050	23,315
Investment (loss) income, net	1,961,075	595	1,961,670	3,876,107
Change in beneficial interest in perpetual trust	-	62,262	62,262	84,645
Interest expense	(49,407)	-	(49,407)	(64,262)
	4,916,048	81,512	4,997,560	4,058,635
Change in net assets	1,644,126	62,700	1,706,826	3,103,138
Net assets				
Beginning of year	39,252,096	1,285,715	40,537,811	37,434,673
End of year	$ 40,896,222	$ 1,348,415	$ 42,244,637	$ 40,537,811

The Notes to Financial Statements are an integral part of this statement.

Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.
Statement of Cash Flows
Year Ended December 31, 2020 (With Summarized Financial Information for 2019)

	2020	2019
Operating activities		
Change in net assets	$ 1,706,826	$ 3,103,138
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,380,934	1,566,098
Interest expense on deferred debt issuance costs	10,382	10,382
Bad debt expense	450,498	157,166
Change in beneficial interest in perpetual trust	(62,262)	(84,645)
Realized and unrealized gains on investments	(1,500,549)	(3,318,643)
Changes in		
Accounts receivable	499,562	(742,239)
Prepaid expenses and other current assets	(153,061)	(38,955)
Interest receivable	(2,810)	245
Accounts payable and accrued expenses	(502,929)	391,192
Deferred compensation payable	47,915	39,401
Residents' security deposits	(23,423)	(35,322)
Net cash provided by operating activities	1,851,083	1,047,818
Investing activities		
Purchases of property and equipment	(697,900)	(902,162)
Increase in deferred compensation investment	(47,915)	(39,401)
Changes in deposits	20,500	-
Proceeds from sale of investments	9,167,121	5,305,746
Purchases of investments	(9,610,694)	(5,853,121)
Net cash used in investing activities	(1,168,888)	(1,488,938)
Financing activity		
Payment of long-term debt	(712,989)	(696,759)
Net change in cash, restricted cash and restricted cash equivalents	(30,794)	(1,137,879)
Cash, restricted cash and restricted cash equivalents		
Beginning of year	2,197,623	3,335,502
End of year	$ 2,166,829	$ 2,197,623
Reconciliation of cash, restricted cash and restricted cash equivalents		
Cash	$ 1,824,885	$ 1,832,256
Restricted cash for		
Residents' security deposits	341,944	365,367
Total cash, restricted cash and restricted cash equivalents as recorded on the statement of financial position	$ 2,166,829	$ 2,197,623
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 50,781	$ 65,639
Supplemental schedule of non-cash investing and financing activities		
Change in resident funds	$ (3,035)	$ 5,251

The Notes to Financial Statements are an integral part of this statement.

Reformed Church Ministries to the Aging, The Particular Synod of the Mid-Atlantics, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020 (With Summarized Financial Information for 2019)

	2020				2019
	Program Services	General and Administrative	Fundraising Development	Total	Total
Salaries and wages	$ 7,951,041	$ 675,654	$ 68,735	$ 8,695,430	$ 9,383,990
Contracted outside services	1,639,557	-	-	1,639,557	642,996
Payroll taxes and employee benefits	2,295,735	165,446	21,466	2,482,647	2,489,152
Food products and tableware	428,497	-	-	428,497	520,040
General supplies	124,908	6,564	405	131,877	211,607
Website	-	6,950	-	6,950	12,006
Linens and miscellaneous table supplies	10,259	-	-	10,259	30,447
Medical expenses	1,660,902	47,679	-	1,708,581	2,047,318
Patient entertainment	10,550	-	-	10,550	13,559
Patient lost items	1,227	-	-	1,227	-
Patient transportation	2,277	-	-	2,277	9,620
Repairs and maintenance	216,995	-	-	216,995	167,954
Contracted services facilities	147,356	1,488	-	148,844	147,453
Provider tax	368,686	-	-	368,686	360,792
Advertising	-	40,962	-	40,962	49,957
Utilities	450,559	4,551	-	455,110	460,846
Professional fees	14,456	43,424	-	57,880	72,827
Auditing fees	-	50,617	-	50,617	39,300
Legal fees	-	49,361	-	49,361	28,391
Financial services	-	41,069	-	41,069	52,277
Computer maintenance	54,599	119,089	-	173,688	238,529
Travel	29,581	440	-	30,021	8,885
Postage	-	9,332	-	9,332	12,648
Events	14,304	144	-	14,448	16,561
Training and education	2,848	504	-	3,352	7,471
Printing	-	2,342	1,440	3,782	6,804
Employment ads	-	5,028	-	5,028	41,542
Dues, fees and subscriptions	47,579	5,161	1,333	54,073	72,599
Lease expense	45,668	14,475	2,595	62,738	63,894
Insurance	260,612	2,632	-	263,244	177,409
Depreciation	1,367,125	13,809	-	1,380,934	1,566,098
Bad debt expense	450,498	-	-	450,498	157,166
Total operating expenses	17,595,819	1,306,721	95,974	18,998,514	19,110,138
Expenses included in other revenues (expenses)					
Investment fees	125,197	-	-	125,197	122,073
Interest expense	48,913	494	-	49,407	64,262
Direct special event expenses	-	-	-	-	35,799
Total expenses included in other revenues	174,110	494	-	174,604	222,134
Total expenses	$ 17,769,929	$ 1,307,215	$ 95,974	$ 19,173,118	$ 19,332,272

The Notes to Financial Statements are an integral part of this statement.

1. NATURE OF ORGANIZATION

Reformed Church Ministries to the Aging, The Particular Synod of the Mid-Atlantics, Inc. (the "Organization"), incorporated in 1961 as a New Jersey not-for-profit corporation, was organized to aid and assist The Particular Synod of the Mid-Atlantics, Inc., an ecclesiastical assembly and judicatory of the Reformed Church in America, in its care for the aged and to establish, maintain, support and operate a home (or homes) and other programs for the aged.

The facility, located in Old Bridge, New Jersey, is a long-term care facility consisting of 108 skilled nursing beds and 48 licensed assisted living units accommodating 54 beds. The assisted living program is designed to foster continued independence of residents who require varying levels of assistance with activities of daily living.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor imposed restrictions and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has a beneficial interest in a perpetual trust, restricted in perpetuity to continue the purpose of the Organization. Income generated by the assets can be used for operating activities.

Donor restricted contributions are recorded as net assets without restrictions if the restriction is satisfied in the same year. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Functional Expense

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Expenses are directly charged to the program activities other than those that benefit multiple functions. Such allocations are determined by management on an equitable basis. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort (salaries and wages and payroll taxes and employee benefits) and square footage (repairs and maintenance, utilities, insurance and depreciation).

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, this information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Revenue Recognition

The Organization follows the Financial Accounting Standards Board ("FASB") Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, *Revenue Recognition*) and most industry-specific guidance. ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Nursing Service Revenues

Nursing service revenues are reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered.

The Organization is reimbursed for services rendered to covered program residents as determined by reimbursement formulas. Revenues are initially recorded at standard billing rates. The differences between billing rates and the amounts reimbursable by third party payors and resident payments are recorded as contractual adjustments to reported revenue. The Medicare system is a prospective rate reimbursement system, which is based on prior year regional costs, as determined by reimbursement formulas, adjusted for inflation. The Organization's Medicaid rate is based on requirements contained in N.J.A.C. 8:85 as determined by the Department of Human Services and Division of Aging Services.

Residential Services

In general, revenue is recognized based on the number of days a resident resides in the facility located in Old Bridge, New Jersey, multiplied by the daily rate. Contractual allowances, if any, are provided for at the time revenue is recorded.

The Organization derives revenue primarily from nursing and residential services provided to residents. The Organization reports revenue from residents services at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from residents, governmental programs (Medicare and Medicaid) and private insurers and include variable consideration for retrospective revenue adjustments due to settlements of audits, reviews, and investigations. Generally, the Organization bills the residents and the third-party payors monthly after the services are performed. Revenue for performance obligations are satisfied at a point in time when the goods and services are provided and when the Organization does not believe that it is required to provide additional goods, services, or obligations to the residents. The Organization's ability to collect revenue is affected by a variety of factors, including general economic conditions and each third-party payor's and patient's financial capability.

The Organization determines the transaction price based on standard billing rates for goods and services provided, reduced by contractual adjustments provided to third-party payor, discounts provided to uninsured patients, and patient responsibility in accordance with the Organization's policy, and/or implicit price concessions provided to uninsured patients and patient responsibility after insurance. The Organization determines its estimates of contractual adjustments based on contractual agreements, its discount policies, and its historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience for each applicable resident's portfolio.

Agreements with third-party payors typically provide for payments at less than standard billing rates. A summary of the payment arrangements with major third-party payors is as follows:

- Medicare – A prospective rate reimbursement system, which is based on prior year regional costs, as determined by reimbursement formulas, adjusted for inflation.
- Medicaid – Based on requirements contained in N.J.A.C. 8:85 as determined by the Department of Human Services and Division of Aging Services.
- Private insurers – Payment agreements with third-party payors generally provide for payment using prospectively determined rates, discounts from standard billing rates, and prospectively determined daily rates.

Contractual adjustments, or differences in standard billing rates and the payments derived from contractual terms with governmental and private insurers, are recorded based on management's best estimates in the period in which services are performed and a payment methodology is established with the patient. Recorded estimates for past contractual adjustments are subject to change, in large part, due to ongoing contract negotiations and regulation changes, which are typical in the U.S. healthcare industry. Revisions to estimates are recorded as contractual adjustments in the periods in which they become known and may be subject to further revisions. Subsequent changes in estimates for third-party payors that are determined to be the result of an adverse change in a payor's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2020 and 2019 was approximately $450,500 and $157,000, respectively.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action in the normal course of business, the Organization is subject to contractual reviews and audits. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. In addition, the Organization's contracts with private insurers may provide for a retroactive audit or review of claims. The Organization believes that it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements from governmental agencies and private insurers.

Retroactive adjustments are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements, if applicable, are estimated and accrued based on settlement agreements and historical settlement experience in the period in which the related services are rendered and adjusted in future periods as final settlements are determined. No adjustment has been recorded as the Organization does not expect there to be any retrospective adjustments for services performed prior to December 31, 2020.

The summary of patient services by revenue by payer source consisted of the following at December 31:

	2020	2019
Nursing service revenues		
Private resident revenue	$ 5,800,896	$ 6,117,169
Medicaid resident revenue	2,786,091	2,708,591
Medicare resident revenue	3,638,914	5,683,147
	$ 12,225,901	$ 14,508,907
Residential service revenues		
Private resident revenue	$ 2,910,027	$ 3,098,735
Medicaid resident revenue	108,521	141,751
	$ 3,018,548	$ 3,240,486

Ancillary services revenue by type of service consisted of the following at December 31:

	2020	2019
Ancillary service revenues		
Therapy	$ 396,156	$ 294,466
Miscellaneous	67,175	110,782
	$ 463,331	$ 405,248

Contribution Revenue

Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Beneficial interest in perpetual trust is permanently restricted by the donor. Investment earnings that are realized in the current year and that are available for distribution are recorded in net assets without donor restrictions. The unrealized income/loss as a result of market fluctuation is recorded in net assets with donor restrictions and increases/decreases the principal amount.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at market value based on quoted market price in the statement of financial position. Investment expenses are shown net of investment income.

Investment - Deferred Compensation
The investment is carried at fair value. The investment represents amounts contributed to a 457(b) plan for an Officer and key employee of the Organization. See Note 10 for additional information about the terms of the plan.

Property and Equipment
Property and equipment are carried at cost. Depreciation charges with respect to property and equipment have been made by the Organization using the straight-line method over the estimated useful lives of the assets as follows:

Description	Estimated Life (Years)
Building and improvements	5 - 31.5
Furniture and fixtures	5 - 10
Dining room and kitchen equipment	3 - 10
Other equipment	3 - 10
Automotive equipment	3 - 5

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, would be included in property and equipment.

Long-Lived Asset Impairment
Long-lived assets are reviewed for impairment when events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted) to be generated by the property are less than the carrying value of the property. No such assessment was required in the years ended December 31, 2020 and 2019.

Income Taxes
The Organization is exempt from federal income taxes under Internal Revenue Code, Section 501(c)(3). Therefore, no provision has been made for income taxes on the change in net assets.

The Organization files tax returns in the U.S. federal jurisdiction and New Jersey. The Organization has evaluated uncertain tax positions in accordance with accounting standards regarding accounting for contingencies and has determined it has no uncertain tax positions as of December 31, 2020 and 2019.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions relate to the allowance for doubtful accounts, accumulated depreciation and depreciation expense, and fair value of investments. Actual results could differ from those estimates.

Advertising
Advertising costs are expensed as incurred and were $194,218 and $293,709 for the years ended December 31, 2020 and 2019, respectively.

Performance Indicator

The statement of activities and changes in net assets includes deficiencies in operating revenue over expenses. Changes in net assets without donor restrictions which are excluded from excess operating revenues over expenses, consistent with industry practice, include investment income, contributions and bequests, special events and interest expense.

Recent Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which requires the recognition of a "right of use" asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization's financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditures were as follows:

	2020	2019
Financial assets		
Cash	$ 1,824,885	$ 1,832,256
Accounts receivable, net	1,137,886	2,087,946
Investments - without donor restrictions	28,753,539	26,809,417
Interest receivable	67,192	64,382
Total financial assets	31,783,502	30,794,001
Less: restricted assets	580,049	579,611
Total financial assets and liquidity resources	$ 31,203,453	$ 30,214,390

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Generally, annual operating revenue covers expenses. The Organization has financial assets listed above that will cover any additional cash flow needs not covered by operating revenue.

4. ACCOUNTS RECEIVABLE AND CREDIT POLICIES

Accounts receivable at December 31 are summarized as follows:

	2020	2019
Currently due	$ 1,675,886	$ 2,398,946
Less: Allowance for doubtful accounts	538,000	311,000
Net due	$ 1,137,886	$ 2,087,946

Accounts receivable are unsecured obligations due from Medicaid, Medicare, patients or their insurance company under terms requesting payments within thirty days from the service date. Patient receivable balances with invoice dates over thirty days old are reviewed for delinquency. Accounts are deemed delinquent if, after thirty days, no contact can be made with the patient or insurance company to assure payment. Once private pay account balances are deemed delinquent, they begin accruing interest on a monthly basis of 1.5% for a total annual rate of 18%. During 2020, the Organization did not charge patients interest on their delinquent account balances as the unforeseen COVID-19 pandemic may have been the result for them not making their payments timely, therefore, at December 31, 2020 receivable balances accruing interest was $0. For the year ended December 31, 2019 in which accrued interest was charged, receivable balances accruing interest were $251,000.

Accounts receivable are stated at the amount billed to the patient or the appropriate third party payor. Payments of accounts receivable are allocated to the specific invoices identified on the payor's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all accounts receivable balances that exceed ninety days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

5. INVESTMENTS

Investments

Investments consist of the following at December 31:

	2020		2019	
	Cost	Market	Cost	Market
Money market funds	$ 560,327	$ 560,327	$ 823,126	$ 823,126
Investment grade taxable	8,378,265	8,659,489	8,314,529	8,559,099
International bonds	600,668	612,259	378,458	380,491
Global high yield taxable bonds	544,654	592,561	519,213	574,545
U.S. equities - large cap	5,049,447	7,841,330	4,181,997	6,544,001
U.S. equities - mid cap	2,147,484	2,797,858	1,244,203	1,429,079
U.S. equities - small cap	1,924,068	2,447,093	1,912,739	2,206,006
International developed equities	1,959,369	2,246,123	2,379,721	2,500,175
Emerging markets equities	668,120	921,862	1,385,453	1,681,702
Other funds	1,396,162	1,404,855	1,396,162	1,432,636
Commodities	700,000	669,782	700,000	678,557
	$ 23,928,564	$ 28,753,539	$ 23,235,601	$ 26,809,417

The following schedule summarizes the investment return and its classification in the statement of activities and changes in net assets for the years ended December 31:

	2020	2019
Interest and dividends	$ 578,206	$ 678,521
Realized gains	257,492	26,971
Unrealized gains	1,251,169	3,292,688
	2,086,867	3,998,180
Less: Investment fees	125,197	122,073
Investment income, net	$ 1,961,670	$ 3,876,107

Beneficial Interest in Perpetual Trust

Under the terms of a perpetual trust held and administered by a third party, the Organization is the beneficiary of income earned on this trust's assets in perpetuity. The Organization recognizes the fair value of the trust's assets as an asset, beneficial interest in perpetual trust, and the increase in fair value as revenue with donor restrictions. The change in value recognized in 2020 and 2019 was an unrealized gain of $62,262 and $84,645, respectively.

The Organization records income as without donor restrictions in the period it is received from the trust.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019
Land	$ 1,586,445	$ 1,586,445
Building and improvements	23,700,240	23,389,425
Furniture and fixtures	1,240,035	1,270,500
Dining room and kitchen equipment	833,334	930,352
Office equipment	1,040,691	1,606,196
Other equipment	3,505,317	3,781,063
Automotive equipment	109,821	160,356
	32,015,883	32,724,337
Less: Accumulated depreciation	19,892,014	19,917,434
Property and equipment, net	$ 12,123,869	$ 12,806,903

Depreciation expense included as a charge to operations for the years ended December 31, 2020 and 2019 amounted to $1,380,934 and $1,566,098, respectively.

7. RECURRING FAIR VALUE MEASUREMENTS

The Organization has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following tables summarize investments without donor restrictions which have been accounted for at fair value on a recurring basis as of December 31, 2020 and 2019, along with the basis for the determination of fair value:

	2020			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Assets				
Money market funds	$ 560,327	$ 560,327	$ -	$ -
Investment grade taxable	8,659,489	8,659,489	-	-
International bonds	612,259	612,259	-	-
Global high yield taxable bonds	592,561	592,561	-	-
U.S. equities - large cap	7,841,330	7,841,330	-	-
U.S. equities - mid cap	2,797,858	2,797,858	-	-
U.S. equities - small cap	2,447,093	2,447,093	-	-
International developed equities	2,246,123	2,246,123	-	-
Emerging markets equities	921,862	921,862	-	-
Other funds	1,404,855	1,404,855	-	-
Commodities	669,782	669,782	-	-
	$ 28,753,539	$ 28,753,539	$ -	$ -
Deferred compensation				
Target-date 2030	$ 7,970	$ 7,970	$ -	$ -
Target-date 2035	193,641	193,641	-	-
Total deferred compensation	$ 201,611	$ 201,611	$ -	$ -

	2019			
	Total	**Quoted Prices in Active Markets (Level 1)**	**Observable Measurement Criteria (Level 2)**	**Unobservable Measurement Criteria (Level 3)**
Assets				
Money market funds	$ 823,126	$ 823,126	$ -	$ -
Investment grade taxable	8,559,099	8,559,099	-	-
International bonds	380,491	380,491	-	-
Global high yield taxable bonds	574,545	574,545	-	-
U.S. equities - large cap	6,544,001	6,544,001	-	-
U.S. equities - mid cap	1,429,079	1,429,079	-	-
U.S. equities - small cap	2,206,006	2,206,006	-	-
International developed equities	2,500,175	2,500,175	-	-
Emerging markets equities	1,681,702	1,681,702	-	-
Other funds	1,432,636	1,432,636	-	-
Public REITs	-	-	-	-
Commodities	678,557	678,557	-	-
	$ 26,809,417	$ 26,809,417	$ -	$ -
Deferred compensation				
Target-date 2035	$ 153,696	$ 153,696	$ -	$ -

For applicable assets subject to this pronouncement, the Organization will value such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent that such markets are not available, the Organization will next attempt to value such assets using observable measurement criteria (Level 2), including quoted market prices of similar assets in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization will develop measurement criteria based on the best information available (Level 3).

8. RESIDENTS' FUNDS

Residents' funds and residents' security deposits are restrictive in nature and are not available for operations.

9. RELATED PARTY TRANSACTIONS

The Organization provides medical and other employee benefits for eligible employees through the Board of Pensions of the Reformed Church in America ("RCA"). The Organization also participates in the RCA multi-employer defined contribution retirement annuity plan (the "Plan"). The Organization has a contributory thrift and savings plan for salaried employees meeting certain service requirements, which qualifies under Section 403(b) of the Internal Revenue Service Code. The Plan provides for employer contributions for eligible employees of 4% to 6.5%. Contributions into the Plan are made based on specific eligibility requirements. For the years ended December 31, 2020 and 2019, the total retirement plan expense amounted to $249,520 and $252,443, respectively.

10. DEFERRED COMPENSATION

A deferred compensation agreement was entered into with an Officer and a qualified employee of the Organization and funded in accordance with the requirements of Section 457(b) of the Internal Revenue Service. Under the current agreement, the Organization maintains the investment. The amount of $201,611 and $153,696 due under the agreement was accrued and included in deferred compensation payable at December 31, 2020 and 2019, respectively.

The 457(b) expense for the years ended December 31, 2020 and 2019 amounted to $19,060 and $9,850, respectively. Discretionary contributions are based on a percentage of compensation of an officer and employee in accordance with the plan document. Benefits earned under the plan are fully vested.

11. LONG-TERM DEBT

The New Jersey Economic Development Authority (the "Authority") issued The New Jersey Economic Development Authority Economic Development Bond (Reformed Church Home Project), Series 2012A, in the aggregate amount of $6,705,000 that bear interest rates of 2.29% due through September 2022. The proceeds of the bonds were loaned by the Authority to the Organization to pay off the existing bond issue and pay certain costs associated with the issuance of the bonds under the terms of a loan agreement dated August 28, 2012 (the "Loan Agreement").

The obligation arising from the Loan Agreement is secured by a first lien mortgage on the facility and by a first lien and security interest in and for the gross receipts and property of the Organization.

Under the terms of the Loan Agreement with the Authority, the Organization is subject to various covenants on a semi-annual basis. As of December 31, 2020 and 2019, and for the years then ended, the Organization was in compliance with the covenants.

The following is a summary of long-term debt at December 31:

	2020	2019
Mortgage Bonds Payable to Authority - maturity date August 28, 2022 (as defined below) - interest and principal are payable on the first day of each month and are collateralized by the Organization's mortgaged property, gross receipts, and property. Effective interest rate is 3.02%.	$ 1,288,444	$ 2,001,433
Less: Current maturities of long-term debt	729,842	712,989
Less: Unamortized debt issuance costs	18,147	28,529
Long-term debt, net	$ 540,455	$ 1,259,915

The following are the maturities of long-term debt as of December 31:

2021	$ 729,842
2022	558,602
	$ 1,288,444

Amortization of the unamortized debt issuance costs over the next two years is as follows:

2021	$ 10,380
2022	7,767
	$ 18,147

12. NET ASSETS

Components of net assets are as follows at December 31:

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating	$ 40,896,222	$ -	$ 40,896,222
Benevolent fund	-	396,357	396,357
Restricted for renovations	-	6,046	6,046
Other purpose restrictions	-	177,646	177,646
Beneficial interest in perpetual trust	-	768,366	768,366
	$ 40,896,222	$ 1,348,415	$ 42,244,637

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating	$ 39,252,096	$ -	$ 39,252,096
Benevolent fund	-	395,762	395,762
Restricted for renovations	-	6,046	6,046
Other purpose restrictions	-	177,803	177,803
Beneficial interest in perpetual trust	-	706,104	706,104
	$ 39,252,096	$ 1,285,715	$ 40,537,811

13. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation. Management monitors the soundness of this institution and has not experienced any collection losses with this institution.

The Organization grants credit without collateral to its residents, the majority of whom are insured under third-party payor agreements.

The mix of receivables from residents and third-party payors as of December 31 is as follows:

	2020		2019	
Private	30	%	29	%
Managed care/caid	15		13	
Medicaid	2		5	
Medicare	53		53	
	100	%	100	%

The Organization invests certain of its surplus operating funds in various investment vehicles which are not insured or guaranteed by the U.S. Government. Management monitors the soundness of these institutions and has not experienced any collection losses with these institutions.

Revenue from the Medicare and Medicaid programs accounted for approximately 30% and 23%, respectively, of the facility's skilled nursing patient revenue for the year ended December 31, 2020, and 39% and 19%, respectively, of the facility's skilled nursing patient revenue for the year ended December 31, 2019.

14. MEDICAL MALPRACTICE INSURANCE

The Organization has medical malpractice insurance coverage on an occurrence basis underwritten by a commercial insurance company. At December 31, 2020, primary coverage is $1,000,000 per occurrence and $3,000,000 in the aggregate. In addition, the Organization has an umbrella policy for $5,000,000.

15. PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, in connection with the COVID-19 pandemic, the Organization issued an unsecured promissory note (the "PPP Loan") for $1,884,370 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of the application, used the loan proceeds for eligible expenses withing the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through Investors Bank (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on June 5, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the covered period.

The Organization concluded that the PPP Loan should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP Loan represents, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions of release have been met or explicitly waived; or over a period of time as it incurs qualifying PPP expenses. The Organization submitted its PPP Loan forgiveness application and received forgiveness in April 2021. Accordingly, the Organization recognized PPP grant income for the full amount of the PPP loan as Paycheck Protection Program grant income in the accompanying statement of activities, and no liability for the PPP Loan is reflected in the accompanying statement of financial position.

16. COMMITMENTS

Operating Leases

Leases that do not meet the criteria for capitalization are classified as operating leases with related charges to operations as incurred. The Organization leases medical and office equipment under operating leases expiring in various years through 2024. Total operating lease expenses were $62,510 and $63,895 for the years ended December 31, 2020 and 2019, respectively. Approximate future minimum lease payments for the next four years ending December 31, under non-cancellable leases are as follows:

2021	$	32,698
2022		28,188
2023		28,188
2024		2,349
	$	91,423

17. SELF-INSURED HEALTH PLAN

In 2017, the Organization began operating a self-insured health plan (the “Plan”) for all employees. The Plan is administered by a third party. Because of the potential catastrophic claims, the Organization has purchased stop-loss insurance that becomes effective when claims exceed $60,000 per employee, per year.

The Organization has set aside a reserve of $80,098 and $124,600 as of December 31, 2020 and 2019, respectively, to cover potential claims incurred but not reported. However, the Organization exceeded the stop-loss insurance limit in 2020 and 2019, resulting in a receivable in the amount of $19,416 and $10,500, respectively, net of checks received prior to year-end.

18. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through August 17, 2021, the date the financial statements were available to be issued. Based on this evaluation, other than as previously noted in Note 15, the Organization has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.