REFORMED CHURCH MINISTRIES TO THE AGING,
THE PARTICULAR SYNOD OF THE MID-ATLANTICS, INC.
Financial Statements
December 31, 2021
With Independent Auditor's Report

Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.
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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 Audit of the Financial Statements

Opinion

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, 2021, and 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 the financial statements.

In our opinion, the financial statements 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

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 2020 financial statements, and we expressed an unmodified audit opinion on the audited financial statements in our report dated August 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

WithumSmith+Brown, PC

November 28, 2022

Reformed Church Ministries to the Aging,
The Particular Synod of the Mid-Atlantics, Inc.
Statement of Financial Position
December 31, 2021 (With Summarized Financial Information for 2020)

	2021	2020
Assets		
Current assets		
Cash	$ 790,633	$ 1,840,170
Accounts receivable, net	2,000,968	1,137,886
Investments	29,838,961	28,753,539
Residents' funds	24,731	29,304
Prepaid expenses and other current assets	597,843	399,613
Interest receivable	28,344	67,192
Total current assets	33,281,480	32,227,704
Property and equipment, net	11,421,435	12,123,869
Other assets		
Investment - beneficial interest in perpetual trust	820,659	768,366
Investment - deferred compensation	252,606	201,611
Residents' security deposits - restricted	265,763	341,944
Deposits	8,445	8,445
Total other assets	1,347,473	1,320,366
Total assets	$ 46,050,388	$ 45,671,939
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	$ 550,838	$ 729,842
Accounts payable and accrued expenses	1,502,246	1,584,146
Residents' funds	24,731	29,304
Total current liabilities	2,077,815	2,343,292
Long-term liabilities		
Long-term debt, net of current maturities	-	540,455
Deferred compensation payable	252,606	201,611
Residents' security deposits	265,763	341,944
Total liabilities	2,596,184	3,427,302
Net assets		
Without donor restrictions	42,015,302	40,896,222
With donor restrictions	1,438,902	1,348,415
Total net assets	43,454,204	42,244,637
Total liabilities and net assets	$ 46,050,388	$ 45,671,939

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, 2021 (With Summarized Financial Information for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues				
Nursing service revenues	$ 12,665,587	$ -	$ 12,665,587	$ 12,259,895
Residential service revenues	2,899,891	-	2,899,891	2,811,892
Ancillary service revenues	796,977	-	796,977	672,812
Net assets released from restrictions	8,649	(8,649)	-	-
	16,371,104	(8,649)	16,362,455	15,744,599
Operating expenses				
Program services	18,109,699	-	18,109,699	17,567,702
General and administrative	1,350,513	-	1,350,513	1,372,219
Fundraising development	79,706	-	79,706	95,412
	19,539,918	-	19,539,918	19,035,333
Deficiency of operating revenues over expenses	(3,168,814)	(8,649)	(3,177,463)	(3,290,734)
Other revenues (expenses)				
CARES grant funding	103,532	-	103,532	1,008,028
Paycheck Protection Program grant income	-	-	-	1,884,370
Contributions - Reformed Churches	23,098	-	23,098	14,602
Contributions - other	62,918	46,647	109,565	89,985
Special events	38,439	-	38,439	-
Legacies and bequests	31,500	-	31,500	26,050
Investment income, net	4,059,522	196	4,059,718	1,961,670
Change in beneficial interest in perpetual trust	-	52,293	52,293	62,262
Interest expense	(31,115)	-	(31,115)	(49,407)
	4,287,894	99,136	4,387,030	4,997,560
Change in net assets	1,119,080	90,487	1,209,567	1,706,826
Net assets				
Beginning of year	40,896,222	1,348,415	42,244,637	40,537,811
End of year	$ 42,015,302	$ 1,438,902	$ 43,454,204	$ 42,244,637

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, 2021 (With Summarized Financial Information for 2020)

	2021	2020
Operating activities		
Change in net assets	$ 1,209,567	$ 1,706,826
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,460,842	1,380,934
Interest expense on deferred debt issuance costs	10,383	10,382
Bad debt expense	278,413	450,498
Change in beneficial interest in perpetual trust	(52,293)	(62,262)
Realized and unrealized gains on investments	(3,276,789)	(1,500,549)
Changes in		
Accounts receivable	(1,141,495)	499,562
Prepaid expenses and other current assets	(198,230)	(153,061)
Interest receivable	38,848	(2,810)
Accounts payable and accrued expenses	(81,900)	(502,929)
Deferred compensation payable	20,388	47,915
Residents' security deposits	(76,181)	(23,423)
Net cash provided by (used in) operating activities	(1,808,447)	1,851,083
Investing activities		
Purchases of property and equipment	(758,408)	(697,900)
Increase in deferred compensation investment	(20,388)	(47,915)
Changes in deposits	-	20,500
Proceeds from sale of investments	11,819,887	9,167,121
Purchases of investments	(9,628,520)	(9,610,694)
Net cash provided by (used in) investing activities	1,412,571	(1,168,888)
Financing activity		
Payment of long-term debt	(729,842)	(712,989)
Net change in cash, restricted cash, and restricted cash equivalents	(1,125,718)	(30,794)
Cash, restricted cash, and restricted cash equivalents		
Beginning of year	2,182,114	2,212,908
End of year	$ 1,056,396	$ 2,182,114
Reconciliation of cash, restricted cash and restricted cash equivalents		
Cash	$ 790,633	$ 1,840,170
Restricted cash for		
Residents' security deposits	265,763	341,944
Total cash, restricted cash, and restricted cash equivalents as recorded on the statement of financial position	$ 1,056,396	$ 2,182,114
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 3,947	$ 50,781
Supplemental schedule of noncash investing and financing activities		
Change in resident funds	$ (4,573)	$ (3,035)

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, 2021 (With Summarized Financial Information for 2020)

	2021				2020
	Program Services	General and Administrative	Fundraising Development	Total	Total
Operating expenses					
Salaries and wages	$ 7,863,605	$ 745,499	$ 66,571	$ 8,675,675	$ 8,695,429
Contracted outside services	1,692,260	-	-	1,692,260	1,626,089
Payroll taxes and employee benefits	2,388,934	93,637	13,135	2,495,706	2,482,647
Food products and tableware	496,763	-	-	496,763	419,032
General supplies	155,877	8,204	-	164,081	122,436
Website	-	11,888	-	11,888	6,950
Linens and miscellaneous table supplies	13,051	-	-	13,051	10,834
Medical expenses	1,898,403	-	-	1,898,403	1,662,369
Patient entertainment	9,813	-	-	9,813	10,550
Patient lost items	2,070	-	-	2,070	20
Patient transportation	6,920	-	-	6,920	3,985
Repairs and maintenance	152,361	-	-	152,361	214,020
Contracted services facilities	206,367	2,085	-	208,452	147,803
Provider tax	325,014	-	-	325,014	368,686
Advertising	-	31,150	-	31,150	40,962
Utilities	462,530	4,672	-	467,202	455,109
Professional fees	47,573	54,723	-	102,296	152,626
Auditing fees	-	51,948	-	51,948	50,617
Legal fees	-	27,935	-	27,935	49,361
Financial services	-	40,486	-	40,486	41,527
Computer maintenance	265,441	86,461	-	351,902	173,688
Travel	40	744	-	784	30,021
Postage	-	8,893	-	8,893	9,332
Events	21,477	217	-	21,694	14,677
Training and education	9,011	5,609	-	14,620	3,352
Printing	-	6,720	-	6,720	3,782
Employment ads	-	87,506	-	87,506	5,028
Dues, fees, and subscriptions	38,950	3,098	-	42,048	54,073
Lease expense	11,977	33,222	-	45,199	48,699
Miscellaneous	-	28,010	-	28,010	-
Insurance	316,615	3,198	-	319,813	263,244
Depreciation	1,446,234	14,608	-	1,460,842	1,380,934
Bad debt expense	278,413	-	-	278,413	487,451
Total operating expenses	18,109,699	1,350,513	79,706	19,539,918	19,035,333
Expenses included in other revenues (expenses)					
Investment fees	139,614	-	-	139,614	125,197
Interest expense	30,804	311	-	31,115	49,407
Total expenses included in other revenues (expenses)	170,418	311	-	170,729	174,604
Total expenses	$ 18,280,117	$ 1,350,824	$ 79,706	$ 19,710,647	$ 19,209,937

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 donor 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 Expenses

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 as of and for the year ended December 31, 2020 from which the summarized information was derived.

Revenue Recognition

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers ("ASC 606)*. 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 payors, 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 New Jersey Administrative Code ("N.J.A.C.") 8:85 as determined by the Department of Human Services and Division of Aging Services.

Residential Revenues

In general, revenues are 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 revenues primarily from nursing and residential services provided to residents. The Organization reports revenue from resident's 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 is 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 a 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, 2021 and 2020 was approximately $278,413 and $487,451, respectively.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation, as well as significant regulatory action, and 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, 2021.

A summary of patient services by revenue and by payor source consisted of the following for the years ended December 31:

	2021	2020
Nursing service revenues		
Private resident revenue	$ 5,214,712	$ 5,768,241
Medicaid resident revenue	2,600,083	2,745,535
Medicare resident revenue	4,358,398	3,422,740
Managed care revenue	492,394	323,379
	$ 12,665,587	$ 12,259,895
Residential service revenues		
Private resident revenue	$ 2,880,872	$ 2,718,520
Medicaid resident revenue	19,019.00	93,372
	$ 2,899,891	$ 2,811,892

Ancillary service revenues by type of service consisted of the following for the years ended December 31:

	2021	2020
Ancillary service revenues		
Therapy	$ 741,635	$ 605,805
Miscellaneous	55,342	67,007
	$ 796,977	$ 672,812

Contract Assets and Liabilities

Amounts related to nursing and residential services provided to patients which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of nursing and residential services provided to patients who are still receiving services at the end of the year. There are no contract assets at December 31, 2021 or 2020 or January 1, 2020.

Amounts received related to services that have not yet been provided to clients are contract liabilities. Contract liabilities consist of payments made by customers or third-party payors for services not yet performed which represent fees received in advance to fund nursing and residential services. Contract liabilities are recognized into revenues when the performance obligations are satisfied in the following year. There are no contract liabilities at December 31, 2021 or 2020 or January 1, 2020.

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 nonfinancial 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 prices 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 is less than the carrying value of the property. No such assessment was required for the years ended December 31, 2021 and 2020.

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 statement of activities and changes 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, 2021 and 2020.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 $296,918 and $194,218 for the years ended December 31, 2021 and 2020, respectively.

Performance Indicator
The statement of activities and changes in net assets includes deficiencies in operating revenues 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.

Reclassifications
Certain prior-year amounts have been reclassified to conform to current-year presentation.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of December 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditures were as follows:

	2021	2020
Financial assets		
Cash	$ 790,633	$ 1,840,170
Accounts receivable, net	2,000,968	1,137,886
Investments - without donor restrictions	29,838,961	28,753,539
Interest receivable	28,344	67,192
Total financial assets	32,658,906	31,798,787
Less: Restricted assets	618,243	580,049
Total financial assets and liquidity resources	$ 32,040,663	$ 31,218,738

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 revenues cover expenses. The Organization has financial assets listed above that will cover any additional cash flow needs not covered by operating revenues.

4. ACCOUNTS RECEIVABLE AND CREDIT POLICIES

Accounts receivable at December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Currently due	$ 2,749,968	$ 1,675,886
Less: Allowance for doubtful accounts	749,000	538,000
Net due	$ 2,000,968	$ 1,137,886

Accounts receivable are unsecured obligations due from Medicaid, Medicare, patients, or their insurance company under terms requesting payments within 30 days from the service date. Patient receivable balances with invoice dates over 30 days old are reviewed for delinquency. Accounts are deemed delinquent if, after 30 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 2021, the Organization did not charge patients interest on their delinquent account balances as the unforeseen 2019 novel coronavirus (“COVID-19”) pandemic may have been the result for them not making their payments timely, and therefore, at December 31, 2021 and 2020 receivable balances accruing interest were $0.

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 90 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 consist of the following at December 31:

	2021		2020	
	Cost	Market	Cost	Market
Money market funds	$ 645,139	$ 645,139	$ 560,327	$ 560,327
Investment grade taxable	5,342,679	5,298,301	8,378,265	8,659,489
International bonds	221,600	220,440	600,668	612,259
Global high yield taxable bonds	592,932	620,581	544,654	592,561
U.S. equities - large cap	6,092,723	11,461,075	5,049,447	7,841,330
U.S. equities - mid cap	2,326,699	3,170,288	2,147,484	2,797,858
U.S. equities - small cap	1,832,215	2,589,500	1,924,068	2,447,093
International developed equities	2,254,404	2,788,929	1,959,369	2,246,123
Emerging markets equities	668,120	798,898	668,120	921,862
Other funds	1,287,568	1,332,505	1,396,162	1,404,855
Commodities	1,100,000	913,305	700,000	669,782
	$ 22,364,079	$ 29,838,961	$ 23,928,564	$ 28,753,539

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

	2021	2020
Interest and dividends	$ 922,393	$ 578,206
Realized gains	626,891	257,492
Unrealized gains	2,649,898	1,251,169
	4,199,182	2,086,867
Less: Investment fees	139,464	125,197
Investment income, net	$ 4,059,718	$ 1,961,670

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 2021 and 2020 was an unrealized gain of $52,293 and $62,262, 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:

	2021	2020
Land	$ 1,586,445	$ 1,586,445
Building and improvements	24,151,538	23,700,240
Furniture and fixtures	1,240,035	1,240,035
Dining room and kitchen equipment	836,069	833,334
Office equipment	1,334,948	1,040,691
Other equipment	3,515,416	3,505,317
Automotive equipment	109,821	109,821
	32,774,272	32,015,883
Less: Accumulated depreciation	21,352,837	19,892,014
Property and equipment, net	$ 11,421,435	$ 12,123,869

Depreciation expense included as a charge to operations for the years ended December 31, 2021 and 2020 amounted to $1,460,842 and $1,380,934, respectively.

7. RECURRING FAIR VALUE MEASUREMENTS

The Organization's investments are recorded at fair value in accordance with the accounting pronouncement on fair value measurements, which established a framework for measuring fair value and clarifies that fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date).

The accounting pronouncement on fair value measurements establishes a three-tier fair value hierarchy, which classifies the inputs used in measuring fair value. These tiers include:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities (interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose value is determined using pricing models, discounted cash flows, or similar methodologies, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in the methodologies used at December 31, 2021 and 2020, and there were no transfers between any of the fair value measurement levels for the years ended December 31, 2021 and 2020.

The following tables summarize investments without donor restrictions which have been accounted for at fair value on a recurring basis as of December 31, 2021 and 2020, along with the basis for the determination of fair value:

	2021			
	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Money market funds	$ 645,139	$ 645,139	$ -	$ -
Investment grade taxable	5,298,301	5,298,301	-	-
International bonds	220,440	220,440	-	-
Global high yield taxable bonds	620,581	620,581	-	-
U.S. equities - large cap	11,461,075	11,461,075	-	-
U.S. equities - mid cap	3,170,288	3,170,288	-	-
U.S. equities - small cap	2,589,500	2,589,500	-	-
International developed equities	2,788,929	2,788,929	-	-
Emerging markets equities	798,898	798,898	-	-
Other funds	1,332,505	1,332,505	-	-
Commodities	913,305	913,305	-	-
	$ 29,838,961	$ 29,838,961	$ -	$ -
Deferred compensation				
Target date 2035	$ 232,082	$ 232,082	$ -	$ -
Fidelity 500 fund	9,927	9,927	-	-
Fidelity Growth fund	8,592	8,592	-	-
Fidelity Growth Discovery fund	2,005	2,005	-	-
Total deferred compensation	$ 252,606	$ 252,606	$ -	$ -

	2020			
	Total	(Level 1)	(Level 2)	(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	$ -	$ -

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 multiemployer 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 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, 2021 and 2020, the total Plan expense amounted to $246,367 and $49,520, 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 $252,606 and $201,611 due under the agreement was accrued and included in deferred compensation payable at December 31, 2021 and 2020, respectively.

The 457(b) expense for the years ended December 31, 2021 and 2020 amounted to $20,388 and $16,080, 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 bears an interest rate 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 semiannual basis. As of December 31, 2021 and for the year then ended, the Organization was in violation with the covenants. The loan is reflected as a current liability, as the balance is due in the year ending 2022 per the Loan Agreement. As of December 31, 2020, and for the year then ended, the Organization was in compliance with the covenants.

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

	2021	2020
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%.	$ 558,602	$ 1,288,444
Less: Unamortized debt issuance costs	7,764	18,147
Total debt, net	550,838	1,270,297
Less: Current maturities of long-term debt	550,838	729,842
Long-term debt, net	$ -	$ 540,455

The current maturities of long-term debt as of December 31, 2021 was $558,602. The amortization of the unamortized debt issuance costs over the following year is $7,764.

12. NET ASSETS

Components of net assets are as follows at December 31:

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating	$ 42,015,302	$ -	$ 42,015,302
Benevolent fund	-	396,553	396,553
Restricted for renovations	-	6,046	6,046
Other purpose restrictions	-	215,644	215,644
Beneficial interest in perpetual trust	-	820,659	820,659
	$ 42,015,302	$ 1,438,902	$ 43,454,204

	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

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, 2021 and 2020 is as follows:

	2021		2020	
Private	24	%	30	%
Managed care/caid	12		15	
Medicaid	2		2	
Medicare	62		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.

Revenues from the Medicare and Medicaid programs accounted for approximately 34% and 21%, respectively, of the facility's skilled nursing patient revenue for the year ended December 31, 2021, and 28% and 22%, respectively, of the facility's skilled nursing patient revenue for the year ended December 31, 2020.

14. MEDICAL MALPRACTICE INSURANCE

The Organization has medical malpractice insurance coverage on an occurrence basis underwritten by a commercial insurance company. At December 31, 2021, 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 Coronavirus Aid, Relief, and Economic Security Act ("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, had a two-year term, bore interest at 1.00% per annum, and matured on June 5, 2022. If the PPP Loan was not forgiven, monthly principal and interest payments were 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 changes in net assets for the year ended December 31, 2020, and no liability for the PPP Loan is reflected in the accompanying statement of financial position at December 31, 2020.

16. COMMITMENTS AND CONTINGENCIES

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 $30,882 and $62,510 for the years ended December 31, 2021 and 2020, respectively. Approximate future minimum lease payments for the next three years ending December 31 under noncancelable leases are as follows:

2022	$	28,188
2023		28,188
2024		2,349
	$	58,725

Litigation

The Organization is the defendant in pending legal actions in the normal course of business. The ultimate outcome of these actions is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of management, the outcome of any existing actions will not exceed the Organization’s insurance limits and are not considered to be material in relation to the Organization’s financial position.

17. SELF-INSURED HEALTH PLAN

In 2017, the Organization began operating a self-insured health plan for all employees. The health 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 $153,000 and $80,098 as of December 31, 2021 and 2020, respectively, to cover potential claims incurred but not reported. However, the Organization exceeded the stop-loss insurance limit in 2021 and 2020, resulting in a receivable in the amount of $157,325 and $19,416, 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 November 28, 2022, the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred that require disclosure in or adjustment to the financial statements.