**PACIFIC RETIREMENT SERVICES, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2020

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pacific Retirement Services, Inc. and Affiliates
Medford, Oregon

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Pacific Retirement Services, Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities and changes in net assets (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Board of Directors
Pacific Retirement Services, Inc. and Affiliates

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pacific Retirement Services, Inc. and Affiliates as of September 30, 2020, and the results of their operations, changes in their net assets, and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities and changes in net assets (deficit) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
March 3, 2021

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 46,842,029
Restricted Cash and Cash Equivalents	8,022,013
Investments	224,844,877
Accounts Receivable, Net	9,171,648
Supplies and Prepaid Expenses	4,972,583
Current Portion of Assets Restricted Under Bond Indenture Agreements	41,340,669
Other Current Assets	70,822
Total Current Assets	335,264,641
PROPERTY AND EQUIPMENT, NET	1,083,846,503
OTHER ASSETS	
Cash and Cash Equivalents - Escrow Entrance Fee Deposits	14,230,965
Assets Held in Trust	21,605,662
Mineral Assets	31,908,684
Noncurrent Investments	4,744,028
Assets Restricted Under Bond Indenture Agreements, Net of Current Portion	63,017,200
Restricted Deposits	3,588,039
Receivables from Members, Noncurrent	449,929
Other Noncurrent Assets	11,671,871
Total Other Assets	151,216,378
Total Assets	$ 1,570,327,522
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 26,182,114
Construction Accounts Payable	15,642,759
Accrued Interest	15,200,076
Refundable Deposits	4,555,656
Deferred Revenue	2,732,588
Unearned Revenue	1,311,971
Current Portion of Long-Term Debt	12,332,284
Current Portion of Repayable Entrance Fees	28,781,287
Other Liabilities	322,433
Total Current Liabilities	107,061,168
OTHER LIABILITIES	
Long-Term Debt and Premium, Net of Current Portion	753,774,861
Less: Unamortized Debt Issuance Costs	(12,318,857)
Long-Term Debt, Net	741,456,004
Repayable Entrance Fees, Net of Current Portion	455,470,719
Deferred Revenue from Entrance Fees	232,975,193
Interest Rate Swap Agreements	13,058,479
Other Noncurrent Liabilities	18,126,437
Total Other Liabilities	1,461,086,832
Total Liabilities	1,568,148,000
NET ASSETS (DEFICIT)	
Net Deficit Without Donor Restrictions	(100,051,981)
Net Assets With Donor Restrictions	102,231,503
Total Net Assets	2,179,522
Total Liabilities and Net Assets	$ 1,570,327,522

See accompanying Notes to Consolidated Financial Statements.

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED SEPTEMBER 30, 2020

OPERATING REVENUES	
Service Fees	$ 152,912,660
Health Center Revenue, Net	35,966,565
Transfer Fees	935,050
Entrance Fees Earned	29,903,771
Contributions	2,993,498
Investment Income	12,330,142
Royalty Income	8,896,989
Management Fee Revenue	3,208,524
Other Revenue	27,783,772
Subtotal	274,930,971
Net Assets Released from Restrictions	5,736,478
Total Operating Revenues	280,667,449
OPERATING EXPENSES	
Program Expenses:	
Dietary	37,824,448
Facility Services and Utilities	48,823,456
Health and Social Services	44,376,190
Memory Care	5,590,582
Assisted Living	7,089,277
Care Suites	1,507,962
Recreation and Activities	370,592
General and Administrative Expenses:	
Administrative and Marketing	50,434,443
Interest Expense and Financing Fees	21,373,966
Leasehold Expense	70,822
Net Settlement Associated to Interest Rate Swap Agreements	1,718,944
Depreciation	44,211,062
Disbursement of Contributed Funds	3,056,963
Loss on Disposal of Property and Equipment	1,021,578
Other Expenses	7,643,226
Total Operating Expenses	275,113,511
OPERATING INCOME	5,553,938
NONOPERATING LOSS	
Unrealized Change in Value of Investments	11,535,737
Loss on Extinguishment of Debt	(159,029)
Change in Fair Value of Mineral Assets	(30,396,603)
Change in Value of Interest Rate Swap and Cap Agreements	(2,406,049)
Other Nonoperating Income	(54,103)
Total Nonoperating Loss	(21,480,047)
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS BEFORE INCOME TAXES	(15,926,109)
INCOME TAX EXPENSE	(1,359)
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	(15,927,468)

See accompanying Notes to Consolidated Financial Statements.

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	$ 3,450,035
Royalty Income	1,272,970
Actuarial Gain on Gift Annuities Receivable	6,735
Investment Income	101,941
Unrealized Change in Value of Investments	231,845
Net Assets Released from Restrictions	(5,736,478)
Change in Fair Value of Perpetual Trusts	(7,949,954)
Change in Net Assets With Donor Restrictions	(8,622,906)
CHANGE IN NET ASSETS	(24,550,374)
Net Assets - Beginning of Year	26,729,896
NET ASSETS - END OF YEAR	$ 2,179,522

See accompanying Notes to Consolidated Financial Statements.

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (24,550,374)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	44,211,062
Amortization of Debt Issuance Costs	1,119,381
Amortization of Bond Premium	(327,536)
Amortization of Prepaid Lease	70,822
Capital Contributions	(2,649)
Change in Value of Interest Rate Swap and Cap Agreements	2,406,049
Nonrepayable Entrance Fees Received	31,187,126
Nonrepayable Entrance Fees Repaid	(1,056,096)
Entrance Fees Earned	(29,903,771)
Entrance Fees Board Adjustment Valuation Liability Paid	(15,285)
Unrealized Change in Value of Investments and Assets Held in Trust	(11,767,582)
Realized Gain and Reinvested Income	(4,633,536)
Realized Gain on Sale of Mineral Assets	(8,488,081)
Change in Fair Value of Assets Held in Trust	6,433,730
Change in Fair Value of Mineral Assets	30,396,603
Actuarial Changes on Gift Annuities Receivable	(7,114)
Loss on Disposal of Property and Equipment	996,013
Loss on Extinguishment of Debt	159,029
Net Change in:	
Accounts Receivable, Net	1,876,012
Supplies and Prepaid Expenses	(268,129)
Other Noncurrent Assets	(588,414)
Accounts Payable and Accrued Expenses	844,032
Accrued Interest	(1,353,387)
Escrow Entrance Fee, Restricted and Refundable Deposits	(768,504)
Deferred Revenue	2,732,588
Unearned Revenue	1,311,971
Other Liabilities	400,942
Net Cash Provided by Operating Activities	40,414,902
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(116,907,648)
Proceeds from Sale of Property and Equipment	421,323
Purchase of Investments	(34,574,729)
Proceeds from Sale of Investments	25,088,198
Proceeds from Sale of Mineral Assets	10,542,443
Cash Receipts from Assets Held in Trust	1,817,128
Change in Receivables from Members, Noncurrent	(270,058)
Change in Assets Restricted Under Bond Indenture Agreements	4,019,184
Net Cash Used by Investing Activities	(109,864,159)

See accompanying Notes to Consolidated Financial Statements.

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issuance of Long-Term Debt	$ 5,300,000
Repayments of Long-Term Debt	(16,973,024)
Cost of Debt Issuance	(228,071)
Escrow Entrance Fee Deposits Paid, Net	(1,183,087)
Repayable Entrance Fees Received	35,104,046
Repayable Entrance Fees Repaid	(28,163,908)
Net Cash Provided by Financing Activities	(6,144,044)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(75,593,301)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	230,973,236
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 155,379,935
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash and Cash Equivalents	$ 46,842,029
Restricted Cash and Cash Equivalents	8,022,013
Cash and Cash Equivalents - Escrow Entrance Fee Deposits	14,230,965
Investments	8,630,854
Restricted Deposits	3,588,039
Assets Held in Trust	172,006
Assets Restricted Under Bond Indenture Agreements	73,894,029
Total Cash, Cash Equivalents and Restricted Cash	$ 155,379,935
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash Paid During the Year for Interest and Letter of Credit Fees	$ 23,617,589
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Property and Equipment Financed with Accounts Payable and Accrued Expenses	$ 20,511,577

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pacific Retirement Services, Inc. (PRS) was founded as a private, nonprofit, supporting corporation to provide various services and sponsor programs for the elderly, including residential facilities and health and welfare programs. PRS and the related corporations are not an obligated group, and the obligations of each corporation are satisfied solely from that corporation's assets.

The accompanying consolidated financial statements include the accounts of PRS and the following related corporations, all of which are under common governance and are referred to as the Organization:

Life Plan Communities (LPCs):

- Rogue Valley Manor (RVM) (including Rogue Valley Manor Foundation, Inc.);
- The Cumberland Rest, Inc. dba: Trinity Terrace (TTR);
- Cascade Manor, Inc. (CMR) (including Cascade Manor Foundation, Inc.);
- Holladay Park Plaza, Inc. (HPP) (including Holladay Park Plaza Foundation, Inc.);
- University Retirement Community at Davis, Inc. (URC) (including University Retirement Community at Davis Foundation, Inc.);
- Mirabella (MBS) (including Mirabella Washington Foundation, dba: Mirabella Seattle Foundation);
- Capitol Lakes, Inc. (CLK) (including Capitol Lakes Foundation, Inc., Middleton Glen, Inc. [MGR] and Senior Housing of Middleton, Inc. [SHM]);
- Mirabella at South Waterfront (MBP) (including Mirabella Portland Foundation, Inc.);
- Mirabella at ASU, Inc. (MBA);
- Bay Area Senior Services, Inc. (BASS) dba: The Peninsula Regent (TPR).

Other affiliates:

- 25 Affordable Housing Corporations under various corporate names (AHC);
- Community Volunteer Network (CVN);
- PRS Property Holdings, LLC (included in PRS);
- Crest Park, Incorporated (CPI), (included in PRS MI);
- Pacific Retirement Services Foundation (PRS Foundation) (included in PRS);
- PRS Management, Inc. (PRS MI) (including The Centennial, Inc.).

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Organization. The consolidated financial statements are prepared on the accrual basis of accounting and all significant intercompany balances and transactions have been eliminated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance Indicator

Change in net deficit without donor restrictions as reflected in the accompanying consolidated statement of activities and changes in net assets (deficit), is the performance indicator. Change in net deficit without donor restrictions includes all changes in net assets without donor restrictions, including unrealized change in value of trading investments, change in value of mineral assets, change in value of interest rate swap and cap agreements, other nonoperating income expenses, and excluding receipt of restricted contributions, royalty income, actuarial gain on gift annuities, change in fair value of perpetual trusts and assets released from donor restrictions, change in value of gift annuities, and investment returns restricted by donors or law.

Cash and Cash Equivalents

Cash and cash equivalents include cash, certificate of deposits, money market accounts, commercial paper, and other securities with maturities of three months or less at the date of acquisition.

Restricted Cash and Cash Equivalents

Restricted cash represents amounts funded by PRS as collateral for a letter of credit required by the bond financing for MBA. Under the terms of the Series 2017 bond issuance (see Note 8), PRS executed a Liquidity Support Agreement, pursuant to which PRS agreed to periodically fund up to $8,000,000 in liquidity support. Such funds are designated for working capital purposes (including debt service) and 2017 project costs. The guaranty amount required under the Liquidity Support Agreement reduces incrementally to $-0- upon satisfaction of certain covenants following commencement of operations, at which time unused funds will be returned to PRS. At September 30, 2020, $8,022,013 of the $8,000,000 requirement has been funded.

Investments

Investments are stated at fair value based on quoted market prices. Investments acquired by gifts are recorded at fair value on the date received. Investments in marketable securities are adjusted to fair value through recognition of unrealized gains and losses in the performance indicator as they are classified as trading securities. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees.

Accounts Receivable

The Organization provides services to residents even though they may lack adequate funds or may participate in programs that do not pay full charges. The Organization receives payment for health services from residents, insurance companies, Medicare, Medicaid, and other third-party payors. As a result, the Organization is exposed to certain credit risks. The Organization manages its risk by regularly reviewing its accounts, by providing appropriate allowances for uncollectible accounts, and by having secured the accounts through its Residence and Care Agreements with the residents of the community.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Accounts receivable are stated at the amount management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to revenues and a credit to a valuation allowance based on its assessment of the current status of individuals' balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to resident accounts receivable.

Assets Restricted Under Bond Indenture Agreements

Under the terms of various bond indenture agreements, certain corporations within the Organization are required to establish certain funds which are held by a Trustee (see Note 4). If, on any payment date, a corporation is deficient in payment of principal and interest, the Trustee is required to transfer money from the Debt Service Reserve Fund to eliminate such deficiency. If money is withdrawn, the corporation is then obligated to make additional deposits into the Debt Service Reserve Fund to maintain its balance in the amount equal to the bond reserve requirements.

Property and Equipment

Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. The Organization capitalizes fixed assets with a cost of at least $2,000, with the exception of AHC and CVN, whom capitalize fixed assets with a cost of at least $1,500. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense for the period.

The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the year ended September 30, 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – Escrow Entrance Fee Deposits

MBA requires each applicant for residency to pay a $1,000 wait list deposit. The wait list deposit is fully refundable, or will be applied to the 10% entrance fee deposit if the prospective resident's application is approved and an apartment is reserved. MBA has collected entrance fee deposits from prospective residents of MBA equal to 10% of the entrance fee for the selected independent living apartment. These entrance fee deposits are credited to the required entrance fee upon move-in to the independent living apartments of MBA. These entrance fee deposits are maintained in separate escrow accounts. If the prospective resident terminates the reservation agreement prior to occupancy, the full amount is refunded to the prospective resident within 30 days.

At September 30, 2020, escrow entrance fee deposits were $14,230,965. There is a corresponding liability, other noncurrent liabilities, on the consolidated statement of financial position.

Assets Held in Trust

Assets held in trust include perpetual trusts. Trusts are designated to manage the leasing of mineral assets and investments into perpetuity. Mineral income and valuations are determined based on the production of wells, the price of oil, and leasing terms. The Organization records changes in the fair value as changes in net assets with donor restrictions. Amounts are reclassified from their designated restrictions when distributions are received by the Organization.

Mineral Assets

Mineral assets consist of oil and gas mineral rights located in Texas, New Mexico, and Oklahoma, which are reported at estimated fair value (see Note 14). Distributions are reported as royalty income and changes of the estimated fair value of mineral assets are reported as nonoperating income (loss) in the consolidated statement of activities and changes in net assets (deficit).

Restricted Deposits

Restricted deposits represent amounts required by the Department of Housing and Urban Development (HUD) to be held for major maintenance, repair, and replacement of property, funds held aside that would otherwise be considered as surplus cash that is generated by project cash flow, tenant security deposits, unemployment deposits, minimum capital investments, and other escrowed funds at the AHC's. Both tenant security deposits and unemployment deposits include an offsetting liability, called Refundable Deposits, in the consolidated statement of financial position.

In addition, restricted deposits represent segregated accounts established by CLK. See Note 7 for a summary of restricted deposit amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables from Members, Noncurrent

As a nonprofit corporation, BASS does not terminate membership agreements when members experience financial difficulties and are unable to pay their monthly fees. Instead, a reduced fee is arranged based on each Member's ability to pay, as determined by BASS. The monthly fee reduction under this arrangement is treated as a loan from BASS, which is secured by the member's interest in their condominium and is to be repaid upon the sale of the condominium, along with interest. It is possible that the advances could exceed the sales value of the condominium. Management believes that none of the current advances outstanding, which total $449,929 as of September 30, 2020, exceed the sales value of the Members' condominiums.

Other Noncurrent Assets

The Organization has other noncurrent assets, which include investments in the One West Main building and One West Main, LLC; investment in Caring Communities Reciprocal Risk Retention Group, and a prepaid amount for a waste treatment upgrade. The Organization has title to the third floor of the One West Main building, consisting of office space for PRS and PRS MI staff, as well as commercial space for lease. PRS Property Holdings, LLC is one of three members of One West Main, LLC, which owns the ground floor and common areas of the One West Main building. PRS has a member savings account with Caring Communities. MBS has an amount that was prepaid and will be amortized to expense over multiple future years for a waste treatment upgrade. RVM has other noncurrent assets which include master plan and urban growth boundary assets, shown net of amortization, and donated art received from RVM Foundation. MBS has other noncurrent assets which include a prepaid land lease.

Refundable Deposits

Applicants for residency pay wait list and entrance fee deposits, which vary in amount, prior to occupancy. Generally, depositors may cancel their reservation agreements at any time prior to admission and receive partial to full repayment of their deposits, in accordance with their reservation agreements. Refundable deposits also include the deposits held on leased spaces, and tenant security deposits held by the AHC's.

Deferred Revenue from Entrance Fees

Nonrepayable fees paid by a resident upon entering into a life plan contract are recorded as deferred revenue. The Organization has multiple life plan contracts, which include repayable amounts ranging from 50% to 100% and nonrepayable contracts. The repayable portion of the entrance fee for these types of contracts is not amortized to income and is described in the following paragraph. The nonrepayable deferred entrance fees are amortized to income over the estimated remaining actuarial life expectancy of the resident. Amounts amortized to income relating to these types of contracts were $29,903,771 for the year ended September 30, 2020, and are included in entrance fees earned in the consolidated statement of activities and changes in net assets (deficit). At September 30, 2020, the Organization had nonrepayable entrance fees of $232,975,193, related to entrance fees received that will be recognized as revenue in future years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repayable Entrance Fees

Repayable contracts are 50% to 100% repayable according to the provisions of the respective contract. The repayable portion of entrance fees as of September 30, 2020 was $484,252,006. Of the repayable portion, $28,781,287 was due to residents as included in current portion of repayable entrance fees and will be repaid according to the provisions of the respective contracts. Actual refunds of such entrance fees were $28,163,908 for the year ended September 30, 2020.

Future Services Obligation

The Organization annually calculates each Life Plan Community's (LPC) present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees plus the present value of future monthly fees to be received from current residents. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees plus the present value of future monthly fees to be received from current residents, a liability is recorded (future services obligation) with the corresponding charge to expense. At September 30, 2020, the future services obligation was $-0-.

Deferred and Unearned Revenue

Deferred revenue represents funds received for advance Medicare payments related to the COVID-19 pandemic. Advance payments will be recouped according to the terms of the Accelerated and Advance Payment Program (See Note 17). Unearned revenue represents funds received for lost revenue and expenses (allowable costs) related to the COVID-19 pandemic. As allowable costs are incurred, amounts are recorded as revenue. Any grants received that are not used within the specified timeframe or under appropriate circumstances may be repayable (See Note 17).

Derivative Instruments

The Organization has several derivative instruments, which include three interest rate swaps and three interest rate cap agreements (see Note 9). The swap and cap agreements are recorded on the consolidated statement of financial position at fair value. As the derivatives do not qualify as effective hedges, the changes in fair value of the derivatives are recognized in nonoperating income (loss) on the consolidated statement of activities and changes in net assets (deficit) in accordance with Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*.

In addition, there is a collateral posting requirement if either the derivative associated to URC or Merrill Lynch (the Counterparty) exceeds a certain dollar threshold in terms of the market value. The Organization reports any collateral posted as other assets on the consolidated statement of financial position. The collateral posting level is also contingent on the credit rating of URC. If URC were to experience a downgrade in its credit rating, the posting threshold would increase. The collateral posting requirement at September 30, 2020 was $-0-.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Deficit)

The Organization reports two classifications of net assets (deficit). A description of each classification of net assets is as follows:

Net Deficit Without Donor Restrictions

Represent unrestricted resources available to support the Organization's operations and restricted resources which have become available for use by the Organization in accordance with the intention of the donor.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The board of directors of each related corporation that maintain such perpetual assets have interpreted their respective state's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donations with permanent restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanently restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets.

All donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Transfer Fees

Upon the resale of a condominium, BASS is entitled to a transfer fee equal to 10% of the seller's purchase price plus 75% of any realized appreciation. Revenue is recognized in the period in which the condominium sale takes place.

Charity Care

The Organization provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because the Organization does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue. The Organization recorded charity care of $1,945,847 for the year ended September 30, 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets.

Tax-Exempt Status

PRS and all affiliates of the Organization in which there is operating activity, except for CPI and PRS MI (taxable entities), have been recognized by the Internal Revenue Service as nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on related activities. A tax provision has been made in the accompanying consolidated statement of activities and changes in net assets (deficit) for the two taxable entities.

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses. At September 30, 2020, there were no such uncertain tax positions.

Deferred Taxes

As of September 30, 2020, the taxable entities have a deferred tax asset of approximately $550,000 which is the result of operating losses that have occurred in current and prior years. Accounting guidance for income taxes requires the taxable entities to periodically assess whether it is more likely than not that sufficient taxable income will be generated to realize the deferred tax assets. In making this determination, the entities consider all available positive and negative evidence and make certain assumptions, including among other things, the overall business environment, historical earnings and losses, current industry trends and the outlook for future years. As of September 30, 2020, a valuation allowance has been recorded in the amount of $550,000. Operating losses will expire between 2021 and 2037 if not utilized.

Concentrations of Risks

The Organization's cash, cash equivalents, investments, assets held in trust, and assets restricted under bond indenture agreements consist of various financial instruments. These financial instruments may subject the Organization to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC), the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Risks (Continued)

Concentration of credit risk results from the Organization granting credit without collateral to its residents and patients, most of whom are local residents and may be insured under third-party payor agreements. See Note 3 for the mix of receivables from residents and third-party payors as of September 30, 2020.

Workers' Compensation Insurance

All but three corporations within the Organization are insured for workers' compensation claims under a guaranteed cost policy. Under the policy, premiums are paid based on estimated annual payroll amounts, which are trued up at each year-end. All claims are covered under the policy. Should the claims made policy not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination would be covered by the insurance policy. Accounting principles generally accepted in the United States of America require that a healthcare organization disclose the estimated costs of claims in the period of the incident, if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated. Because this is a guaranteed cost policy, and all claims are covered, there is no estimated liability to record.

TTR does not subscribe to the Texas workers' compensation program for their employees. Injury benefits are offered to employees as nonsubscribers, and all workers' compensation claims are covered by the professional and general liability policy held by TTR. A workplace safety program is in place, and is managed by a professional consultant. Management believes TTR is in compliance with all state requirements for nonsubscribers as of September 30, 2020. TTR has accrued no liability in its best estimate of the cost of known claims incurred prior to September 30, 2020, and has made no accrual in its best estimate of claims incurred but not yet reported.

MBS receives no-fault insurance coverage for its employees through the Washington State Department of Labor & Industries (L & I). The benefits received include medical treatment for workers injured during the course of their employment, or that develop an occupational disease as a result of their work activities. In addition, partial wage replacement benefits are available to eligible employees. Premiums are paid quarterly by MBS and are based on the hours worked by employees multiplied by a rate which varies based on the job function of an employee. MBS also remits to L & I withholding from employee compensation, which is based on a percentage of taxable wages. Claims are managed by L & I and benefits are paid from the Washington State Fund, which is financed by premiums paid by both the employer and the employee. MBS has accrued no liability in its best estimate of the cost of known claims incurred prior to September 30, 2020, and has made no accrual in its best estimate of claims incurred but not yet reported.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Workers' Compensation Insurance (Continued)

BASS has coverage through GuardianComp, Inc., a California corporation. Under the policy, premiums are paid based on estimated annual payroll amounts, which are trued up at each year-end. All claims are covered under the policy. Should the policy not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms, but reported subsequent to their termination, would be covered by the policy.

Professional, Medical Malpractice, and General Liability Insurance

The Organization secured claims-made professional liability and general liability insurance policies with self-insured retentions of $50,000 per claim, coverage limits of $1,000,000 per claim, and $3,000,000 in aggregate per policy period (January 1, 2020 to January 1, 2021).

Certain corporations within the Organization (PRS, RVM, TTR, HPP, CLK, URC, MBS, and BASS) also secured an excess professional and general liability insurance policy with limits of $20,000,000 per claim and $30,000,000 aggregate per policy period (January 1, 2020 to January 1, 2021).

Other corporations within the organization (CMR and MBP) secured an excess professional and general liability insurance policy with limits of $5,000,000 per claim and $20,000,000 aggregate per policy period (January 1, 2020 to January 1, 2021).

In addition, RVM no longer employs physicians and purchased extended reporting medical malpractice insurance policies on a claims made basis for both physicians with coverage limits of $1,000,000 per claim and $3,000,000 in aggregate for each physician upon termination of their employment (Physician 1 – beginning 8/1/2020 and Physician 2 – beginning 8/8/20) with the Organization.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The Organization's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period. See Note 14 for fair value hierarchy disclosure.

Advertising

The Organization expenses advertising costs as incurred. The Organization's advertising expense for the year ended September 30, 2020 was $1,989,807.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of September 30, 2020, the Organization had working capital of approximately $228,203,473.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and Cash Equivalents	$ 46,842,029
Investments	224,844,877
Accounts Receivable, Net	9,171,648
Total Financial Assets	$ 280,858,554

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in accordance with its investment policy.

As of September 30, 2020, management believes the Organization was in compliance with debt covenants (see Note 8).

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2020 consisted of the following:

	Amount	Percentage
Resident Monthly Fees	$ 3,040,254	32 %
Other Receivables	2,804,997	29
Medicare	1,962,957	20
Insurance	1,259,490	13
Entrance Fees	365,730	4
Medicaid	150,470	2
Total Accounts Receivable	9,583,898	100 %
Less: Allowance for Doubtful Accounts	(412,250)	
Accounts Receivable, Net	$ 9,171,648	

NOTE 4 ASSETS RESTRICTED UNDER BOND INDENTURE AGREEMENTS

Assets restricted under bond indenture agreements at September 30, 2020 consisted of the current portion and noncurrent portion as follows:

Current portion:

Debt Service Reserve Funds	$ 12,545,065
Operating Reserve Funds	7,536,929
Other Various Funds	21,258,675
Assets Restricted Under Bond Indenture Agreements	$ 41,340,669

Noncurrent portion:

Bond Project Clearing Fund	$ 7,494,614
Debt Service Reserve Funds	36,331,595
Bond Interest Fund	10,457,625
Bond Working Capital	7,572,456
Other Various Funds	1,160,910
Assets Restricted Under Bond Indenture Agreements	$ 63,017,200

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2020 consisted of the following:

Land	$ 101,091,790
Buildings and Land Improvements	1,181,673,146
Equipment and Furnishings	93,866,529
Subtotal	1,376,631,465
Less: Accumulated Depreciation	(528,782,652)
Subtotal	847,848,813
Construction in Progress	235,997,690
Property and Equipment, Net	$ 1,083,846,503

Interest costs incurred on borrowed funds during the construction of capital assets are capitalized as a component of acquiring those assets, and depreciated over the estimated useful lives by the straight-line method of depreciation.

Construction in progress at September 30, 2020 includes costs related to various routine continued apartment remodeling and other capital improvements at the LPC's, which are funded by operations. In addition, the LPC's have the following capital projects in progress:

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

MBA

MBA is constructing a 304-unit LPC on a 1.89-acre site in Tempe, Arizona. The LPC is planned to include 252 independent living residential apartments, 11 assisted living apartments, 20 memory care units, and 21 private skilled nursing beds and related common and administrative areas. Nine of the independent living apartments are designed to be converted to assisted living units in the future as the need for additional assisted living units arises.

The LPC will include four dining venues, together with an indoor pool and wellness center, an auditorium, a library, and underground parking. During the year ended September 30, 2020, $13,358,809 of the total Development Fee and Consulting Fee of $14,329,859 was capitalized into construction in progress, of which $971,550 was incurred in 2020 and eliminated on the consolidated statement of activities and changes in net assets (deficit). The total cost of the project is expected to be approximately $296 million and the project is expected to be completed in the fall of 2020. Construction in progress was approximately $220 million at September 30, 2020. The project is being funded by contributions from affiliates and proceeds from the issuance of long-term debt (see Note 8).

Interest expense for the year ended September 30, 2020 of $12,335,996 has been capitalized into construction in progress. The interest expense capitalized for the year ended September 30, 2020 was capitalized net of interest income of $363,874.

NOTE 6 ASSETS HELD IN TRUST

Assets held in trust represent the principal and earnings of perpetual trusts whose assets and distribution of income are controlled by third-party trustees. TTR has an unconditional right to receive a portion of the specified cash flows from the assets held pursuant to the underlying trust agreements.

TTR is the beneficiary to three perpetual trusts. In accordance with standard accounting guidance for perpetual trusts, TTR records changes in the fair value as changes in net assets with donor restrictions. Amounts are reclassified from their designated restriction when distributions are received by TTR.

Additionally, resident funds are held in trust for certain health care and assisted living residents.

The trust assets at September 30, 2020 have been stated at estimated fair market value:

	Amount
Hutt Trust	$ 14,544,827
Stonestreet Trust	6,289,829
Martin Trust	757,582
Resident Trust Funds	13,424
Total Assets Held in Trust	$ 21,605,662

NOTE 6 ASSETS HELD IN TRUST (CONTINUED)

The net trust asset activity for the year ended September 30, 2020 is comprised of the following:

	Amount
Beginning Balance	$ 30,086,182
Change in Fair Value	(6,497,115)
Trustee Fees	(166,277)
Cash Received from Assets Held in Trust	(1,817,128)
Ending Balance	$ 21,605,662

NOTE 7 RESTRICTED DEPOSITS

Restricted deposits at September 30, 2020 consisted of the following:

	AHC
Reserve for Replacement	$ 2,780,388
Tenant Security Deposits	299,145
Escrow Deposits	227,301
Unemployment Deposits	176,347
Residual Receipts Reserve	100,501
Minimum Capital Investment	4,357
Total Restricted Deposits	$ 3,588,039

NOTE 8 LONG-TERM DEBT

Long-term debt at September 30, 2020 consisted of the following:

Description	Amount
Life Plan Communities	
Bonds	$ 653,384,907
Credit and Security Agreement	45,554,683
Loans	22,823,163
Note Payable	34,642,253
Affordable Housing Corporation	
Mortgage Notes Payable	3,681,448
Total Long-Term Debt	760,086,454
Add: Unamortized Premium	6,020,691
Subtotal	766,107,145
Less: Unamortized Debt Issuance Costs	(12,318,857)
Less: Current Portion	(12,332,284)
Long-Term Debt, Net	$ 741,456,004

NOTE 8 LONG-TERM DEBT (CONTINUED)

Aggregate maturities of long-term debt are as follows:

Year Ending September 30,	Amount
2021	$ 12,332,284
2022	12,773,998
2023	53,091,996
2024	104,603,818
2025	76,418,789
Thereafter	500,865,569
Total	$ 760,086,454

Unamortized Debt Issuance Costs

Issue costs relating to the bond issues, mortgage notes and loans as shown above total $17,597,182, and were reported as a direct reduction of the carrying amount of debt. Unamortized debt issuance costs are amortized over the term of the debt. For the year ended September 30, 2020, amortization expense was $1,119,381 and accumulated amortization was $5,278,325. Amortization expense of $366,507 was capitalized as part of construction in progress for MBA.

The terms of the Organization's outstanding long-term debt at September 30 related to numerous bonds and notes payable are discussed in the following paragraphs. In addition, certain Corporations of the Organization have entered into interest rate swap and cap agreements (see Note 9).

RVM

Series 2013A Revenue Refunding Bonds

On April 11, 2013, the Hospital Facilities Authority of the City of Medford, Oregon issued $60,200,000 of revenue refunding Bonds. The bonds were issued at a premium of $3,244,303 and bear interest at an average rate of 4.8%. The Bonds were issued to refinance the Series 2012 Bonds and redeem $15,000,000 of its Series 2007 Bonds. The bonds are subject to redemption prior to final maturity in October 2042.

Series 2013B Revenue Refunding Bonds

On November 19, 2013, the Hospital Facilities Authority of the City of Medford, Oregon, issued $50,000,000 of revenue refunding bonds directly placed with Bank of America. The bonds initially bore interest at 67% of one-month LIBOR plus a spread of 1.27%. In June 2014, the spread was decreased from 1.27% to 1.17% as provided in the financing documents. The bonds were issued to refinance the 2007 bonds and other capital improvements. The bonds are subject to redemptions as scheduled prior to final maturity in August 2037. The bonds are subject to a mandatory put on December 1, 2023, the put is anticipated to be extended or debt refinanced prior to this date.

NOTE 8 LONG-TERM DEBT (CONTINUED)

RVM (Continued)

Series 2013B Revenue Refunding Bonds (Continued)

RVM has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the Bonds described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

RVM is subject to financial covenants on long-term debt which include a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes that RVM was in compliance with all provisions as of September 30, 2020.

TTR

Series 2014A Revenue Bonds

On December 18, 2014, Tarrant County Cultural Education Facilities Finance Corporation issued $82,640,000 of Revenue Bonds. The bonds were issued at a premium of $4,102,084 and bear interest at an average rate of 4.91%. The bonds were used to refinance the Series 2011 Bonds, finance among other things, an addition of independent living units and other capital improvements. The bonds are subject to redemptions, as scheduled, prior to final maturity in October 2049. The amortization of a portion of the bonds was based on entrance fee receipts from the additional independent living units.

Series 2014 Loan

On December 18, 2014, Tarrant County Cultural Education Facilities Finance Corporation issued a $45,000,000 loan directly placed with Compass Mortgage Corporation. The loan initially bore interest at 65.01% of LIBOR plus a spread of 1.80%. In April 2019, the spread was decreased from 1.80% to 1.60% once stabilization of the expansion project was reached. The loan was issued to finance among other things, an addition of independent living units and other capital improvements. The loan (Loan B) is subject to redemption, as scheduled, prior the final maturity in December 2024. The loan included debt amortized based on entrance fee receipts from the additional independent living units. In September 2018, Compass Mortgage Corporation amended the original loan agreement, amortizing $5,390,000 of the entrance fee debt (Loan A) with a maturity date of December 2025.

TTR has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the Master Trust Indenture entered into with the U.S. Bank National Association, as master trustee, and the associated deed of trust.

TTR is subject to financial covenants on long-term debt which include a debt service coverage ratio and minimum days cash on hand requirement. Management believes that TTR was in compliance with all provisions as of September 30, 2020.

NOTE 8 LONG-TERM DEBT (CONTINUED)

CMR

Series 2014 Revenue Bonds

On October 15, 2014, the Hospital Facilities Authority of the City of Medford, Oregon, issued $33,842,000 of revenue refunding bonds directly placed with Compass Mortgage Corporation. The bonds bear interest at 65.01% of one-month LIBOR plus a spread of 1.65%. The bonds were issued to refinance the Series 2010 bonds, finance among other things, additional independent living units and other capital improvements. The bonds are subject to redemption, as scheduled, prior to final maturity in October 2039. The bonds included debt amortized based on entrance fee receipts from the additional independent living units. The bonds are subject to a mandatory put on October 1, 2022, the put is anticipated to be extended or debt refinanced prior to this date.

CMR is subject to financial covenants on long-term debt, which included a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes CMR was in compliance with all provisions as of September 30, 2020.

URC/ BASS LLC/ TPR

On September 4, 2018, BASS created BASS Real Estate Holdings, LLC (BASS LLC), a wholly owned limited liability corporation incorporated under the laws of the state of California for the purpose of purchasing the land and common areas of TPR.

On October 2018, BASS LLC purchased the portion of TPR in which continuing care and other services are provided and consists of the land, below ground infrastructure, garage, first floor, penthouse, roof, elevators, elevator shafts, stairwells, rooms containing utility boxes, utility shafts, and the exterior building walls (Parcel A). The total purchase price for Parcel A was $33.5 million paid for in part by taking out additional debt.

BASS, together with BASS LLC and URC (collectively, The Obligated Group) formed a group jointly obligated to the long-term debt agreements (see below).

2018 Loan

On October 29, 2018, The Obligated Group entered into a loan agreement with Bank of America for the amount of $23,500,000. The debt bears interest at 4.61%. The proceeds of the loan were used to purchase Parcel A, which includes among other things, land, and common areas. The debt is subject to redemption as scheduled prior to final maturity in August 2023.

Series 2013 Revenue Refunding Bonds

On August 29, 2013, the California Statewide Communities Development Authority issued $33,708,000 of revenue refunding bonds directly placed with Bank of America. The bonds bear interest at 67% of LIBOR plus a spread of 1.27%. The bonds were issued to refinance the 2008 and 2010 bonds and other capital improvements. The bonds are subject to redemptions as scheduled prior to final maturity in November 2033. The bonds are subject to a mandatory put on August 29, 2023, the put is anticipated to be extended or debt refinanced prior to this date.

NOTE 8 LONG-TERM DEBT (CONTINUED)

URC/ BASS LLC/ TPR (Continued)

Series 2013 Revenue Refunding Bonds (Continued)

The Obligated Group has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the bonds described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

The Obligated Group is subject to financial covenants on long-term debt which include a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes that the Obligated Group was in compliance with all provisions as of September 30, 2020.

HPP

Series 2010 Revenue Refunding Bonds

On December 23, 2010, The Hospital Facility Authority of Multnomah County issued $14,460,000 of revenue refunding bonds directly placed with Union Bank. The bonds bear interest at 65.01% of LIBOR plus a spread of 1.38%. The bonds were issued to among things refinance the 2003 bonds. The bonds are subject to redemption, as scheduled, prior to final maturity in December 2040. The bonds are subject to a mandatory put on December 1, 2023, the put is anticipated to be extended or debt refinanced prior to this date.

Series 2013 Revenue Bonds

On October 31, 2013, the Hospital Facilities Authority of Multnomah County, Oregon issued $14,138,000 of revenue bonds directly placed with Union Bank. The bonds bear interest at 65.01% of LIBOR plus a spread of 1.39%. The bonds were issued to among other things, finance additional independent living units. The bonds are subject to a mandatory put on October 1, 2023, the put is anticipated to be extended or debt refinanced prior to this date.

HPP has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the associated deed of trust.

HPP is subject to financial covenants on long-term debt which include a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes HPP was in compliance with all provisions as of September 30, 2020.

MBP

Series 2014A Revenue Refunding Bonds

On September 30, 2014, the Hospital Facilities Authority of Multnomah County, Oregon issued $93,380,000 of Revenue Refunding Bonds. The bonds were issued at a premium of $682,837 and bear interest at an average rate of 5.40%. The bonds were issued to among other things, refinance the Series 2008 Bonds. The bonds are subject to redemption, as scheduled, prior to final maturity in October 2049.

NOTE 8 LONG-TERM DEBT (CONTINUED)

MBP (Continued)

Series 2014A Revenue Refunding Bonds (Continued)

MBP has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

MBP is subject to financial covenants on long-term debt which include a debt service coverage ratio and a minimum day's cash-on-hand requirement. Management believes that MBP was in compliance with all provisions as of September 30, 2020.

MBS

Series 2012 Revenue Refunding Bonds

On December 27, 2012, Washington State Housing Finance Commission, issued $89,240,000 of revenue refunding Bonds. The bonds bear interest at an average rate of 6.75%. The Bonds were issued to refinance the Series 2006 Bonds and other capital improvements. The bonds are subject to redemption, as scheduled, prior to final maturity in October 2047.

Series 2006AR Revenue Bonds

On December 27, 2012, Washington State Housing Finance Commission, reissued $30,750,000 of revenue Subordinate Bonds, The bonds bear interest at 1%. The Bonds were re-issued to refinance the 2006 Bonds and other capital improvements. Interest is accrued on the Subordinate Bonds pursuant to the terms of the financing agreement. The outstanding principal and accrued interest on the Subordinate Bonds were $31,727,183 as of September 30, 2020.

MBS has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the Bonds described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

MBS is subject to financial covenants on long-term debt which include a debt service coverage ratio, minimum days of cash-on-hand and an occupancy requirement. MBS fell below the occupancy requirement at September 30, 2020 and submitted a corrective plan to the Master Trustee. Management believes that MBS was in compliance with all provisions as of September 30, 2020.

Stern Note Payable

MBS entered into an agreement with Lela O. Stern as a part of the land purchase for MBS stipulating a payment of $4,000 per month of principal and interest to Ms. Stern from July 2006 to July 2031. The payments will be adjusted in July 2022, and 2030 for inflation, based on an inception present value of $660,000 and an interest rate of 4.96%.

NOTE 8 LONG-TERM DEBT (CONTINUED)

CLK

Credit and Security Agreement

Under the terms of the Credit and Security Agreement (the Agreement) between CLK and Santander Bank, N.A., now assigned to Lapis Advisors, as administrative agent for itself and KBC Bank N.V., CLK agreed to make quarterly payments over ten and a half years, calculated by taking one-quarter of $36,000,000 times the higher of 4.65% or the Prime rate during any calendar quarter plus 1.15%, with any resulting increase in quarterly payments taken as a reduction against the final balloon payment due on March 31, 2027.

The credit and security agreement granted a security interest in all tangible and intangible property of CLK as defined under the agreement.

MGR and SHM

Mortgage Loan

On October 31, 2019, MGR and SHM refinanced their existing Series 1998 Bonds and Series 2001 Bonds into a consolidated Mortgage Loan (MGSH Mortgage Loan), financed by Johnson Bank (the Bank). The MGSH Mortgage Loan had an original amount of $5,282,909, split amongst MGR and SHM. MGR's principal amount being $2,897,588 and SHM's being $2,358,321. Interest rate is fixed at 3.78% per the interest rate swap agreement (See Note 9). The MGSH Mortgage Loan matures on October 1, 2029.

The mortgage agreement contains restrictive financial covenants, none of which are in effect until December 31, 2020.

MBA

Series 2017 Revenue Bonds

On December 22, 2017, the Industrial Development Authority of the City of Tempe, Arizona issued Series 2017 Bonds, consisting of $82,155,000 in Series 2017A bonds, $157,000,000 in Series 2017B bonds, and $12,000,000 in Series 2017C subordinate bonds pursuant to an Indenture Trust between the Authority and U.S. Bank National Association (the Trustee). The bonds were issued at a premium of $379,712. The bonds are being used to among other things, pay total construction costs for the development of a facility comprising of independent living, assisted living, memory care, and skilled nursing.

The Series 2017A bonds were issued with interest rates that range from 5.50% to 6.12%. The bonds are subject to redemption, as scheduled, prior to final maturity in October 2052.

The Series 2017B bonds were issued with interest rates ranging from 4.00% to 5.35%. The bonds consist of Series B-1, B-2, and B-3, with final maturities of October 2023, 2024, and 2025, respectively. The amortization of the bonds is based on entrance fee receipts from the independent living units.

The Series 2017C bonds were issued at an interest rate of 6.09% with a final maturity date of October 2037. The Series 2017C bonds principal and interest payments are subordinate until certain criteria is met, including among other things that the 2017B bonds are no longer outstanding and certain covenant criteria.

NOTE 8 LONG-TERM DEBT (CONTINUED)

MBA (Continued)

MBA has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

MBA is subject to a marketing covenant during fill up of the facility. MBA fell below the marketing requirement during the fiscal year and submitted corrective plans and consultant reports as required by the Master Trustee. Management believes that MBA was in compliance with all provisions as of September 30, 2020.

AHC Mortgage Notes Payable

AHC has three mortgage notes with a total principal balance of $3,681,447 at September 30, 2020. The notes mature between August 2035 and February 2049. At September 30, 2020, the interest rates on the notes ranged from 4.43% to 8.75%. The mortgage notes to HUD are secured by all real and personal property of the individual HUD project facilities.

Roxy Ann Peak Loan Payable

In 2015, Roxy Ann Peak, LLC entered into a loan agreement with Umpqua Bank, in the amount of $5,700,000. The loan bore a rate of 4.10% for the first five years. The interest rate will then be adjusted to a rate equal to the sum of the five-year long-term amortizing fixed-rate advance, as published by the Federal Home Loan Bank of Seattle, plus 2.50% per annum. The loan was paid in full during the year ended September 30, 2020.

PRSMI Loan Payable

On February 19, 2020, PRSMI entered into a loan agreement with Washington Federal Bank National Association, in the amount of $5,300,000. The debt bears interest at 3% through February 28, 2025. On March 1, 2025, the interest rate will be adjusted to a fluctuating rate per annum equal to LIBOR plus 1.5 percentage points. The proceeds of the loan were used, among other things, to refinance the Roxy Ann Peak loan payable. The debt is subject to redemption as scheduled prior to final maturity in February 2030.

NOTE 9 INTEREST RATE SWAP AND CAP AGREEMENTS

RVM

On November 24, 2008, RVM entered into a contract for a fixed-pay interest rate swap with Deutsche Bank. This interest rate swap has a trade date and an effective date of November 24, 2008, and a termination date of August 15, 2031. It was entered into for the benefit of RVM to manage interest rate risk on its variable rate bonds; however, it is not being accounted for as an effective hedge.

NOTE 9 INTEREST RATE SWAP AND CAP AGREEMENTS (CONTINUED)

RVM (Continued)

Under this interest rate swap agreement, which had a $32,202,500 original notional amount, RVM agrees with other parties to pay, at specified intervals, the fixed rate of 3.80%, while receiving the variable rate of 65% of the three-month LIBOR interest according to the outstanding notional principal amount. The outstanding notional principal amount decreases ratably with scheduled annual principal payments. The outstanding notional amount under the interest rate swap agreement at September 30, 2020 was $18,682,500.

TTR

On December 28, 2006, TTR entered into a contract with Morgan Stanley (counterparty) for a fixed pay interest rate swap. This interest rate swap has a trade date and an effective date of December 14, 2006, and a termination date of August 15, 2036. It was entered into for the benefit of TTR to manage interest rate risk on its variable rate bonds; however, it is not being accounted for as an effective hedge.

Under this interest rate swap agreement, which had a $48,276,850 original notional amount, TTR agrees to pay, at specified intervals, the fixed-rate of 3.47%, while receiving the variable-rate interest of 67% of the one-month LIBOR. The outstanding notional principal amount decreases ratably with scheduled annual principal payments. The outstanding notional amount under the interest rate swap agreement was $15,927,450 at September 30, 2020.

CMR

On November 13, 2014, CMR entered into an interest rate cap agreement with the Commonwealth Bank of Australia for a notional amount of $10,000,000. This interest rate cap has a trade date and an effective date of November 13, 2014, and a termination date of October 15, 2022. The agreement was entered into for the benefit of CMR, to manage interest rate risk on the Series 2014 bonds. Interest rate protection occurs if 65% of the one-month LIBOR rate exceeds 4.00%.

URC

On November 1, 2005, URC entered into a contract with Merrill Lynch (counterparty) for a fixed-pay interest rate swap. This interest rate swap has a trade date of September 7, 2005, an effective date of November 1, 2005, and a termination date of November 15, 2030. It was entered into for the benefit of URC to manage interest rate risk on its variable rate bonds; however, it is not being accounted for as an effective hedge.

Under this interest rate swap agreement, which had a $45,085,000 original notional amount, URC agrees with other parties to pay, at specified intervals, the fixed-rate of 3.2%, while receiving the variable-rate interest of 67% of the three-month LIBOR. The outstanding notional principal amount decreases ratably with scheduled annual principal payments. The outstanding notional amount under the interest rate swap agreement was $25,595,000 at September 30, 2020.

NOTE 9 INTEREST RATE SWAP AND CAP AGREEMENTS (CONTINUED)

HPP

On October 22, 2015, HPP entered into an interest rate cap agreement with the Commonwealth Bank of Australia (Counterparty) for a notional amount of $15,000,000. This interest rate cap has a trade date of October 22, 2015, an effective date of November 5, 2015, and a termination date of October 1, 2023. This agreement was entered into for the benefit of HPP, to manage interest rate risk on the bonds. Interest rate protection occurs if 65% of the one-month LIBOR exceeds 4.5%.

NOTE 10 RESTRICTED NET ASSETS

Net assets with donor restrictions at September 30, 2020 consisted of the following:

Net Assets With Temporary Restrictions:	
AHC - Section 202, Capital Advance Program	$ 62,895,561
Life Plan Communities:	
Trinity Terrace - Stonestreet Trust	6,289,829
Trinity Terrace - Moore Trust	1,293,527
Trinity Terrace - Hutt Trust	14,544,827
Trinity Terrace - Martin Trust	757,582
Life Plan Communities - Miscellaneous	13,308,920
Pacific Retirement Services	289,260
Others	7,421
Subtotal	99,386,927
Net Assets With Permanent Donor Restrictions:	
Life Plan Communities:	
Trinity Terrace - Moore Trust	581,038
Life Plan Communities - Miscellaneous	2,248,897
PRS Foundation	14,641
Subtotal	2,844,576
Net Assets With Donor Restrictions	$ 102,231,503

NOTE 10 RESTRICTED NET ASSETS (CONTINUED)

Net assets released from temporary restrictions for the year ended September 30, 2020 were released for the following purposes:

Employee Appreciation Fund	$	2,087,093
Funds Released from Assets Held in Trust		1,832,444
Resident Assistance Fund		819,051
Miscellaneous Other Funds		331,890
Medical Transportation Fund		225,000
Employee Scholarships/Development Fund		284,245
Fairy Godmother Fund		124,802
Special Care/Memory Care Fund		13,950
Health Center Fund		9,603
Cultural/Spiritual Enrichment Fund		8,400
Total Net Assets Released from Donor Restrictions	$	5,736,478

The Organization's endowment consists of various individual funds established for various purposes. Its endowment includes donor-restricted endowment funds. As required by ASC 958-205, *Not-for-Profit Entities*, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization, in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, TTR, PRS Foundation, RVM Foundation, HPP Foundation, and CLK Foundation, consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources
- The investment policies

NOTE 10 RESTRICTED NET ASSETS (CONTINUED)

Changes in Endowment net assets are as follows:

	Net Assets without Donor Restrictions	Net Assets with Temporary Donor Restrictions	Net Assets with Permanent Donor Restrictions	Total
ENDOWMENT NET ASSETS - SEPTEMBER 30, 2019	$ 995,512	$ 1,744,857	$ 2,219,886	$ 4,960,255
Investment Return:				
Investment Income, Net	-	146,227	1,187	147,414
Realized Losses	-	(65,253)	-	(65,253)
Unrealized Gains	-	106,770	-	106,770
Contributions	-	174,867	42,465	217,332
Appropriations of Endowment Assets for Expenditures	-	(328,997)	-	(328,997)
ENDOWMENT NET ASSETS - SEPTEMBER 30, 2020	$ 995,512	$ 1,778,471	$ 2,263,538	$ 5,037,521

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the board, the endowment assets are invested in a manner that exceeds the consumer price index plus 4%. The respective foundations have an Investment Policy Statement that outlines their designated asset allocations.

Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 11 SERVICE FEES AND HEALTH CENTER REVENUE

Resident service fees and patient health center revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from residents, third-party payors (including health insurers and government programs), and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as performance obligations are satisfied. For the year ended September 30, 2020, approximately 38% of health center revenue was derived under federal third-party reimbursement programs.

NOTE 11 SERVICE FEES AND HEALTH CENTER REVENUE (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or housing residents receiving services in the facility. The Organization considers daily services provided to residents of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. The continuing care agreement creates a performance obligation to be satisfied over the resident's life at the Organization. The Organization recognized the revenue associated with the nonrepayable portion of the entrance fee ratably in future periods using a time-based measurement.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to the residents and customers in a retail setting (for example, gift shop, salon, transportation, and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to patients in accordance with the Organization's policy and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience.

Generally residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by adjusting the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and client services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the year ended September 30, 2020. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as provision for uncollectible accounts and were not considered material for the year ended September 30, 2020.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized.

NOTE 11 SERVICE FEES AND HEALTH CENTER REVENUE (CONTINUED)

The composition of service fees and health center revenue by primary payor for the year ended September 30 consisted of the following:

Private Pay	$ 171,311,627
Medicare	12,228,478
Insurance	4,419,054
Medicaid	1,338,166
Other	95,540
Bad Debt	(513,640)
Total	$ 188,879,225

Revenue from resident and patient's deductibles and coinsurance are included in the categories presented above based on the primary payor.

Contract Costs

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

NOTE 12 OTHER REVENUE

Other revenue consisted of the following for the year ended September 30, 2020:

Housing and Urban Development Operations	$ 7,869,697
Other Miscellaneous	6,592,557
Private Duty	4,685,496
Golf Course Operations	2,977,431
Food and Beverage	1,489,142
Lease/Rental	1,194,767
Facility Services	1,061,905
Garage and Carport	760,431
Medical Services	491,690
Recreation and Activities	327,303
Guest Room	183,881
Beauty Salon	90,772
Application Fees	58,700
Total Other Revenue	$ 27,783,772

Other miscellaneous revenue includes revenue recognized from the grant funds approved and received by the U.S. Department of Health and Human Services (HHS) through the CARES Act Provider Relief Fund (PRF) (See Note 17).

NOTE 13 INVESTMENT INCOME

Income from investments, assets restricted under bond indenture agreements, and cash and cash equivalents consisted of the following for the year ended September 30, 2020:

Realized Loss on Investments	$	(1,214,047)
Realized Gain from Sale of Mineral Rights	$	8,488,081
Dividends and Interest, Net of Investment Expense		5,158,049
Total Investment Income	$	12,432,083

Investment income is reported net of investment expenses of $492,508 net for the year ended September 30, 2020.

The total net unrealized gains (losses) on investments was $11,767,584 for the year ended September 30, 2020.

During the year ended September 30, 2020, TTR sold mineral asset rights for a total sales price of $10,542,442 resulting in a gain of $8,448,081.

NOTE 14 FINANCIAL INSTRUMENTS

FASB Accounting Standards Codification (ASC) 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investment in the near term.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statement of financial position at September 30, 2020, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Cash and Cash Equivalents: Cash and cash equivalents approximate fair value due to the short maturity of such instruments, and include those held in bond sinking funds and held for refundable deposits.

NOTE 14 FINANCIAL INSTRUMENTS (CONTINUED)

Investments and Assets Restricted Under Bond Indenture Agreements: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, exchange traded equities and mutual funds, debt securities, and fixed income securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset values. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Mineral Assets: The Organization has interest in several trusts that contain mineral rights. The values of the mineral lease interests were estimated based on a multiplier of annual net revenue. Significant increases (decreases) in the annual net revenue would significantly increase (decrease) the estimated fair value measurement.

Interest Rate Swap and Cap Agreements: The interest rate swap and cap agreements' fair values are based upon current settlement values, quoted market prices of comparable instruments, or, if there are no relevant comparables, on pricing models or formulas using current assumptions and are classified within Level 2 of the hierarchy.

Gift Annuities: The gift annuities receivable value is based on life expectancy tables and an assumed rate of return of 4%, and is classified within Level 2 of the hierarchy.

NOTE 14 FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at September 30, 2020:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Cash Equivalents	$ 100,515,893	$ -	$ -	$ 100,515,893
Domestic Equity:				
Small Cap	561,092	-	-	561,092
Mid Cap	9,981,541	-	-	9,981,541
Large Cap	60,891,636	-	-	60,891,636
International Equity:				
EAFE Equity	12,819,573	-	-	12,819,573
Developed	10,482,840	-	-	10,482,840
Emerging	11,163,268	-	-	11,163,268
Global Equity	2,905,768	-	-	2,905,768
Fixed Income:				
U.S. Fixed Income	144,534,169	-	-	144,534,169
Alternative Assets:				
Hedge Funds	995,262	-	-	995,262
Real Estate and Infrastructure	116,242	-	-	116,242
Hard Assets	179,839	-	-	179,839
Private Equity	2,921,908	-	-	2,921,908
Mineral Assets	-	-	47,211,093	47,211,093
Gift Annuity Receivable	-	185,956	-	185,956
Total Assets	$ 358,069,031	$ 185,956	$ 47,211,093	$ 405,466,080
Liabilities:				
Interest Rate Swap Agreement	$ -	$ 13,058,479	$ -	$ 13,058,479

The following table reconciles the beginning and ending balances of recurring fair value measurements for significant unobservable (Level 3) inputs:

	Oil and Gas Mineral Rights			
	Mineral Rights	Hutt Trust	Martin Trust	Total
Balance - September 30, 2019	$ 64,359,648	$ 23,607,739	$ 773,796	$ 88,741,183
Change in Fair Value of Mineral Assets	(30,396,603)	-	-	(30,396,603)
Royalty Income	8,896,989	739,772	29,209	9,665,970
Change in Fair Value of Split Interest Trust	-	(8,558,923)	(16,214)	(8,575,137)
Distribution and Royalty Income	(8,896,989)	(1,243,761)	(29,209)	(10,169,959)
Sale of Mineral Assets	(2,054,361)	-	-	(2,054,361)
Balance - September 30, 2020	$ 31,908,684	$ 14,544,827	$ 757,582	$ 47,211,093

NOTE 14 FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative information on significant unobservable inputs on Level 3 investments is summarized as follows:

Investments	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Mineral Assets	Multiples of Earnings	Annual Net Revenue Multiplier	90x

The board of directors, in conjunction with the external investment advisors and management, monitors and analyzes the valuation of the investments on a quarterly basis. The valuations consider variables such as financial performance of several publicly traded companies in the oil and gas market, recent sales prices of investments, and other pertinent information.

The financial instruments are classified in the consolidated statement of financial position at September 30, 2020:

Investments	$ 224,844,877
Assets Restricted Under Bond Indenture Agreements	104,357,869
Mineral Assets	31,908,684
Assets Held in Trust	21,605,662
Escrow Entrance Fee Deposits	14,230,965
Noncurrent Investments	4,744,028
Restricted Deposits	3,588,039
Gift Annuity Receivable	185,956
Total Assets	$ 405,466,080
Interest Rate Swap Agreement	$ 13,058,479
Total Liabilities	$ 13,058,479

NOTE 15 RETIREMENT PLANS

The Pacific Retirement Services, Inc. 401(k) Plan allows employees of all corporations of the Organization to defer funds from their compensation into the 401(k) plan. As well, safe harbor matching funds are provided by the employer to eligible employees based on the employee contributions up to a maximum of 4% of the employee's eligible annual compensation. Nonelective profit sharing contributions are also provided at the election of the employer and are based on a percentage of the qualified employee's eligible annual compensation, as defined by the plan.

Total contributions charged to expense were $5,267,838 for the year ended September 30, 2020.

NOTE 16 FUNCTIONAL EXPENSES

The financial statements report certain expense categories that are attributable to more than one life plan service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest, and other occupancy costs, are allocated to a function based on the departmental applicability within that function.

Functional expenses at September 30, 2020 consisted of the following:

	Program	Management and General	Total
Salaries and Benefits	$ 101,710,132	$27,286,193	$ 128,996,325
Depreciation	44,012,897	198,165	44,211,062
Purchased Services	21,090,964	4,725,650	25,816,614
Interest Expense and Swap Fees	23,092,910	-	23,092,910
Utilities	12,143,294	51,965	12,195,259
Supplies	21,533,565	1,543,932	23,077,497
Other	7,234,263	10,489,581	17,723,844
Total Expenses	$ 230,818,025	$44,295,486	$ 275,113,511

NOTE 17 DEFERRED AND UNEARNED REVENUE

Provider Relief Fund

As part of the Organization’s response to COVID-19 pandemic, it received payments from the CARES Act Provider Relief Fund (PRF), which is administrated by the U.S. Department of Health and Human Services. The Corporation received PRF payments in the amount of $5,548,999 and recognized revenues in the amount of $4,237,028 during fiscal year 2020. The revenues recognized are included in Other Revenue on the consolidated statement of activities (See Note 12). The remaining balance of $1,311,971 is included in unearned revenue at year-end. The PRF payments have terms and conditions that the Corporation is required to follow and these funds are subject to audit. Included in the PRF terms and conditions is a potential for repayment of these funds if they are not fully used in line with the terms and conditions. Management believes the amounts have been recognized appropriately as of September 30, 2020.

Medicare Accelerated and Advance Payment Program

As a result of the 2019 Novel Coronavirus (COVID-19) pandemic, the Centers for Medicare & Medicaid Services (CMS) expanded the current Accelerated and Advance Payment Program to a broader group of Medicare Part A and B providers. Providers who submit a request to the appropriate Medicare Administrative Contractor (MAC) and meet the required qualifications can receive up to 6 months of Medicare payments in advance of the services being performed.

NOTE 17 DEFERRED AND UNEARNED REVENUE (CONTINUED)

Medicare Accelerated and Advance Payment Program (Continued)

CMS established the repayment of these accelerated payments to begin one year after the date of issuance of the original payment. Beginning at one year form the date the payment was issued and continuing for 11 months, claims processed by the MAC will begin to be offset against the outstanding balance to recoup the advanced payment at a rate of 25 percent; after the 11 months end, payments will be recouped at a rate of 50 percent for another six months; and after the six months end, a letter for any remaining balance of the accelerated or advance payment(s) will be issued. If such a letter is issued, the Organization will have 30 days from the date of the letter to repay the balance in full.

The Organization received accelerated payments in April 2020 in the amount of $2,732,588. The balance is expected to be fully recouped within the Corporation's next fiscal period. Therefore, as of September 30, 2020, the full amount received is presented on the consolidated financial statements of financial position as a current liability in deferred revenue.

NOTE 18 CAPITAL ADVANCES ON HUD PROJECTS

The AHC's have obtained capital advances from HUD. The capital advances bear no interest and are not required to be repaid so long as the housing offered by the AHC remains available to eligible low-income households for a period of 40 years in accordance with Section 202 of the National Housing Act of 1959. The capital advances are secured by mortgages on the AHC's properties and constitutes a valid first lien on the AHC's property improvements. The capital advances have been classified as net assets with donor restrictions.

NOTE 19 COMMITMENTS AND CONTINGENCIES

The Organization is party to various claims and legal actions in the normal course of business. In the opinion of management, the Organization has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the consolidated financial position of the Organization.

AHC operate 25 apartment complexes with a total of 1,095 units. The Facility's operations are concentrated in the multi-family real estate market. In addition, the Facility operates in a heavily regulated environment. The operations of the Facility are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 19 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19 Pandemic

In March 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonable estimates as of September 30, 2020.

NOTE 20 OREGON STATE RESERVE REQUIREMENTS

In accordance with Oregon Revised Statues Chapter 101.060(1), RVM, CMR, HPP, and MBP must maintain a debt service liquid reserve (as defined) in an amount exceeding the total of all principal and interest payments due during the next 12 months as well as an operating liquid reserve (as defined) in an amount equal to or exceeding the total projected operating expenses for three months. At September 30, 2020, management believes RVM, CMR, HPP, and MBP were in compliance with these reserve requirements.

NOTE 21 STATUTORY RESERVES

URC and BASS are certified as a Life Plan Community (LPC) by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires LPCs to establish "liquid reserves" (cash, marketable securities, etc.) equal to, or greater than, the annual principal and interest payments on long-term obligations plus 75 days of the LPC's adjusted operating expenses. URC and BASS' liquid reserves at September 30, 2020 were sufficient to meet this requirement.

NOTE 22 MIRABELLA AT ASU (MBA)

Organization

MBA is an Arizona nonprofit corporation, which has been formed for the principal purpose of developing, owning, and operating a life plan community in Tempe, Arizona. MBA has been determined by the Internal Revenue Service to be exempt from federal income taxes to the extent provided by Section 501(a) of the Internal Revenue Code of 1986, as amended (the Code), as an organization described in Section 501(c)(3) of the Code. The Internal Revenue Service has determined MBA to be a public charity under Section 509(a)(2) of the Code.

NOTE 22 MIRABELLA AT ASU (MBA) (CONTINUED)

Organization (Continued)

MBA was formed on August 16, 2016, by an independent affiliate of Arizona State University, Mirabella ASU Tempe LLC, an Arizona limited liability company (MAT), and PRS. MAT is entirely owned by University Realty LLC, an Arizona limited liability company, which in turn is wholly owned by ASU Enterprise Partners, an Arizona nonprofit corporation that is exempt from tax as an organization described in Section 501(c)(3) of the Code and that is an independent affiliate of Arizona State University (ASU).

Since inception on August 16, 2016 through September 30, 2020, operations have been devoted to planning and development of the Project, obtaining licenses and permits, obtaining financing, and marketing the Project.

MAT and PRS are both members of the Organization under Arizona law. MBA is governed by a seven-member board of directors, with four members appointed by PRS and three members appointed by MAT. MBA’s board of directors has general authority to manage and direct the business and affairs of MBA. However, day-to-day management will be performed by PRS pursuant to a Management and Support Services Agreement. In addition, (i) the board of directors may not take or approve certain fundamental actions without the unanimous consent of both MAT and PRS in their capacities as the members of MBA, including merger, dissolution, the sale or other transfer of substantially all the assets of MBA, and any transfer of a member’s membership interest in MBA; (ii) PRS, as a member, has the exclusive authority to approve the strategic plan for the Corporation, approve policies and monitor progress towards MBA’s strategic goals, and (iii) approve of the operating and capital budgets and facility planning of MBA.

Further, certain decisions that qualify as “Major Decisions” must be approved by an affirmative majority vote of the directors appointed by PRS (the PRS Block) and the affirmative majority vote of the directors appointed by MAT (the MAT Block). Finally, the business and affairs of MBA, and the relationship of the members to one another, are subject to a Membership Agreement, which controls in the event of a conflict between the Membership Agreement on the one hand, and the articles of incorporation and bylaws of MBA and the Arizona Non-Profit Corporation Act.

Development Services Agreement

MBA and PRS entered into a development services agreement, dated as of October 6, 2017. Under the terms of the agreement MBA has engaged PRS as a co-development manager to provide development services in connection with the development of the Project. Development services under the agreement include, but are not limited to:

- Assembly of project team
- Construction planning advice and make recommendations regarding finishes and value engineering
- Development of plan/project budget
- Assist MAT in identifying and procuring federal, state, and local permits, approvals and other requirements for the development and construction of the Project

NOTE 22 MIRABELLA AT ASU (MBA) (CONTINUED)

Development Services Agreement (Continued)

- Assist the architect in preparing final construction plans for the Project
- Review of architectural plans and specifications
- Marketing and initial sales to residents
- Assist MBA in securing appropriate financing for the construction of the Project

As compensation for the development services to be rendered by PRS, MBA agreed to pay to PRS a fee (the Development Fee) consisting of 4% of Project Costs, plus reimbursement of PRS' actual out-of-pocket expenses. In accordance with the Membership Agreement between PRS and MAT dated September 26, 2017, PRS shall contribute, at the time of bond financing, the Development Fee due of $8,905,873 under this agreement to MBA as a financial contribution to MBA and the Project. For the year ended September 30, 2020, $8,905,873 of the Development Fee had been incurred and contributed to the Project, of which $971,550 was contributed during the year ended September 30, 2020 and eliminated on the consolidated statement of activities and changes in net assets (deficit).

Management and Support Services Agreement

MBA and PRS entered into a management and support services agreement, dated as of October 6, 2017. Under the terms of the agreement, MBA has engaged PRS to oversee and manage the general operations of the Project. The management and support services agreement shall commence on that date that is one hundred and eighty (180) days prior to the date that MBA intends to commence operations within the Project (the Commencement Date) and shall have an initial term of ten (10) years after the Commencement Date, unless sooner terminated as provided in the management and support services agreement.

Beginning on the Commencement Date, MBA shall pay PRS a Base Management Fee as defined by the agreement. For the year ended September 30, 2020, $450,000 of management and support services fees have been incurred and eliminated on the consolidated statement of activities and changes in net assets (deficit).

Prepaid Land Lease

On December 15, 2017, MBA and Arizona Board of Regents (ABOR), a body corporate, for and on behalf of Arizona State University (ASU) entered into a lease for the land on which the Project will be developed. The effective date of the lease is December 20, 2017. The term of the lease is ninety-nine (99) years. In accordance with the Membership Agreement, referenced above, MAT contributed, at the time of bond financing, $7,011,414 representing the amount of the 99-year prepaid land lease as a temporarily restricted contribution to MBA. The contribution is released based on a straight-line amortization schedule over the 99-year lease term.

NOTE 23 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued.

The Organization evaluated all events or transactions that occurred after September 30, 2020 through March 3, 2021, the date the consolidated financial statements were issued.

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Pacific Retirement Services, Inc.	PRS Management, Inc.	Community Volunteer Network	Life Plan Communities	Affordable Housing Corporation	Eliminations/ Reclassifications	Total
CURRENT ASSETS							
Cash and Cash Equivalents	$ 3,896,449	$ 2,580,960	$ 143,309	$ 39,888,239	$ 333,072	$ -	$ 46,842,029
Restricted Cash and Cash Equivalents	8,022,013	-	-	-	-	-	8,022,013
Investments	23,857,618	-	-	220,998,751	-	(20,011,492)	224,844,877
Accounts Receivable, Net	4,000	716,063	38,027	8,380,370	33,188	-	9,171,648
Supplies and Prepaid Expenses	192,428	211,305	2,351	4,473,336	93,163	-	4,972,583
Current Portion of Assets Restricted Under Bond Indenture Agreements	-	-	-	41,340,669	-	-	41,340,669
Other Current Assets	-	-	-	70,822	-	-	70,822
Current Portion of Due from Affiliates	1,562,904	2,232,362	-	-	-	(3,795,266)	-
Total Current Assets	37,535,412	5,740,690	183,687	315,152,187	459,423	(23,806,758)	335,264,641
PROPERTY AND EQUIPMENT, NET	5,394,019	-	-	1,080,829,414	36,195,180	(38,572,110)	1,083,846,503
DUE FROM AFFILIATES, Net of Current Portion	21,238,531	941,589	-	-	-	(22,180,120)	-
INVESTMENT IN AFFILIATES	3,784,031	-	-	-	-	(3,784,031)	-
OTHER ASSETS							
Cash and Cash Equivalents - Escrow Entrance Fee Deposits	-	-	-	14,230,965	-	-	14,230,965
Assets Held in Trust	-	-	-	21,605,662	-	-	21,605,662
Mineral Assets	-	-	-	31,908,684	-	-	31,908,684
Noncurrent Investments	163,679	-	-	4,580,349	-	-	4,744,028
Assets Restricted Under Bond Indenture Agreements, Net of Current Portion	-	-	-	63,017,200	-	-	63,017,200
Restricted Deposits	-	-	-	-	3,588,039	-	3,588,039
Receivables from Members, Noncurrent	-	-	-	449,929	-	-	449,929
Other Noncurrent Assets	3,436,489	1,211,356	-	7,024,026	-	-	11,671,871
Beneficial Interest in Net Assets of Foundation	-	-	30,435	-	-	(30,435)	-
Notes Receivable from Affiliate	-	-	-	-	-	-	-
Total Other Assets	3,600,168	1,211,356	30,435	142,816,815	3,588,039	(30,435)	151,216,378
Total Assets	$ 71,552,161	$ 7,893,635	$ 214,122	$ 1,538,798,416	$ 40,242,642	$ (88,373,454)	$ 1,570,327,522

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS (DEFICIT)	Pacific Retirement Services, Inc.	PRS Management, Inc.	Community Volunteer Network	Life Plan Communities	Affordable Housing Corporation	Eliminations/ Reclassifications	Total
CURRENT LIABILITIES							
Accounts Payable and Accrued Expenses	$ 747,569	$ 3,813,763	$ 108,741	$ 20,904,870	$ 607,171	$ -	$ 26,182,114
Construction Accounts Payable and Accrued Expenses	-	-	-	15,642,759	-	-	15,642,759
Accrued Interest	-	-	-	15,185,559	14,517	-	15,200,076
Current Portion of Due to Affiliates	-	-	26,986	3,299,050	469,232	(3,795,268)	-
Refundable Deposits	-	-	-	4,256,510	299,146	-	4,555,656
Deferred Revenue	-	-	-	2,732,588	-	-	2,732,588
Unearned Revenue	-	-	-	1,311,971	-	-	1,311,971
Current Portion of Long-Term Debt	112,800	-	-	12,149,422	70,062	-	12,332,284
Current Portion of Repayable Entrance Fees	-	-	-	28,781,287	-	-	28,781,287
Other Liabilities	3,480	115,383	188	203,382	-	-	322,433
Total Current Liabilities	863,849	3,929,146	135,915	104,467,398	1,460,128	(3,795,268)	107,061,168
OTHER LIABILITIES							
Long-Term Debt and Premium, Net of Current Portion	5,132,000	-	-	765,042,967	3,611,386	(20,011,492)	753,774,861
Less: Unamortized Debt Issuance Costs	(90,770)	-	-	(12,053,558)	(174,529)	-	(12,318,857)
Long-Term Debt, Net	5,041,230	-	-	752,989,409	3,436,857	(20,011,492)	741,456,004
Repayable Entrance Fees, Net of Current Portion	-	-	-	455,470,719	-	-	455,470,719
Deferred Revenue from Entrance Fees	-	-	-	232,975,193	-	-	232,975,193
Interest Rate Swap Agreements	-	-	-	13,058,479	-	-	13,058,479
Other Noncurrent Liabilities	446,294	1,214,617	-	16,465,526	-	-	18,126,437
Due to Affiliates	-	-	-	22,180,119	-	(22,180,119)	-
Total Other Liabilities	5,487,524	1,214,617	-	1,493,139,445	3,436,857	(42,191,611)	1,461,086,832
Total Liabilities	6,351,373	5,143,763	135,915	1,597,606,843	4,896,985	(45,986,879)	1,568,148,000
NET ASSETS (DEFICIT)							
Net Assets (Deficit) Without Donor Restrictions	64,896,887	2,749,872	70,786	(97,829,064)	(27,549,904)	(42,390,558)	(100,051,981)
Net Assets (Deficit) With Donor Restrictions	303,901	-	7,421	39,020,637	62,895,561	3,983	102,231,503
Total Net Assets (Deficit)	65,200,788	2,749,872	78,207	(58,808,427)	35,345,657	(42,386,575)	2,179,522
Total Liabilities and Net Assets (Deficit)	$ 71,552,161	$ 7,893,635	$ 214,122	$ 1,538,798,416	$ 40,242,642	$ (88,373,454)	$ 1,570,327,522

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Pacific Retirement Services, Inc.	PRS Management, Inc.	Community Volunteer Network	Life Plan Communities	Affordable Housing Corporation	Eliminations/ Reclassifications	Total
OPERATING REVENUES							
Service Fees	$ -	$ -	$ -	$ 152,912,660	$ -	$ -	$ 152,912,660
Health Center Revenue, Net	-	-	-	35,966,565	-	-	35,966,565
Transfer Fees	-	-	-	935,050	-	-	935,050
Entrance Fees Earned	-	-	-	29,903,771	-	-	29,903,771
Contributions	92,810	137,558	638,399	2,720,832	11,977	(608,078)	2,993,498
Investment Income (Loss)	72,973	-	16	12,253,307	3,846	-	12,330,142
Royalty Income	-	-	-	8,896,989	-	-	8,896,989
Management Fee Revenue	13,777,705	3,208,524	-	-	-	(13,777,705)	3,208,524
Development Fee Revenue	971,550	-	-	-	-	(971,550)	-
Other Revenue	4,945,990	3,538,693	114,721	15,923,135	7,869,697	(4,608,464)	27,783,772
Subtotal	19,861,028	6,884,775	753,136	259,512,309	7,885,520	(19,965,797)	274,930,971
Net Assets Released from Restrictions	57,973	-	-	5,704,629	-	(26,124)	5,736,478
Total Operating Revenues	19,919,001	6,884,775	753,136	265,216,938	7,885,520	(19,991,921)	280,667,449
OPERATING EXPENSES							
Program Expenses:							
Dietary	-	753,550	-	37,070,898	-	-	37,824,448
Facility Services and Utilities	86,409	1,241,852	-	43,979,802	3,721,512	(206,119)	48,823,456
Health and Social Services	29,889	655,908	-	43,690,393	-	-	44,376,190
Memory Care	-	-	-	5,590,582	-	-	5,590,582
Assisted Living	-	-	-	7,089,277	-	-	7,089,277
Care Suites	-	-	-	1,507,962	-	-	1,507,962
Recreation and Activities	-	-	-	370,592	-	-	370,592
General and Administrative Expenses:							
Administrative and Marketing	2,536,122	17,400,503	599,861	29,183,420	2,369,168	(1,654,631)	50,434,443
Interest Expense and Financing Fees	385,050	103,119	-	21,013,021	181,035	(308,259)	21,373,966
Leasehold Expense	-	-	-	70,822	-	-	70,822
Net Settlement Associated to Interest Rate Swap Agreements	-	-	-	1,718,944	-	-	1,718,944
Depreciation	314,297	115,737	-	42,927,208	2,087,538	(1,233,718)	44,211,062
Disbursement of Contributed Funds	124,340	-	-	3,024,097	-	(91,474)	3,056,963
Grant Expenses	213,792	-	-	-	-	(213,792)	-
Loss on Disposal of Property and Equipment	-	-	-	996,013	25,565	-	1,021,578
Other Expenses	-	-	100,270	7,521,661	21,295	-	7,643,226
Fees to Affiliates	13,159,711	(13,159,711)	-	15,887,926	989,019	(16,876,945)	-
Total Operating Expenses	16,849,610	7,110,958	700,131	261,642,618	9,395,132	(20,584,938)	275,113,511
OPERATING INCOME (LOSS)	3,069,391	(226,183)	53,005	3,574,320	(1,509,612)	593,017	5,553,938

PACIFIC RETIREMENT SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Pacific Retirement Services, Inc.	PRS Management, Inc.	Community Volunteer Network	Life Plan Communities	Affordable Housing Corporation	Eliminations/ Reclassifications	Total
NONOPERATING INCOME (LOSS)							
Unrealized Change in Value of Investments	$ 661,945	$ -	$ -	$ 10,999,142	$ -	$ (125,350)	$ 11,535,737
Loss on Extinguishment of Debt	-	(19,069)	-	(139,960)	-	-	(159,029)
Change in Fair Value of Mineral Assets	-	-	-	(30,396,603)	-	-	(30,396,603)
Cap Agreements	-	-	-	(2,406,049)	-	-	(2,406,049)
Other Nonoperating Income (Loss)	-	138,266	-	-	-	(192,369)	(54,103)
Total Nonoperating Income (Loss)	661,945	119,197	-	(21,943,470)	-	(317,719)	(21,480,047)
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS BEFORE INCOME TAXES	3,731,336	(106,986)	53,005	(18,369,150)	(1,509,612)	275,298	(15,926,109)
INCOME TAX BENEFIT (EXPENSE)	(8,366)	7,007	-	-	-	-	(1,359)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	3,722,970	(99,979)	53,005	(18,369,150)	(1,509,612)	275,298	(15,927,468)
CONTRIBUTION FROM (TO) AFFILIATE	(2,171,550)	-	-	2,195,305	-	(23,755)	-
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	1,551,420	(99,979)	53,005	(16,173,845)	(1,509,612)	251,543	(15,927,468)
NET ASSETS (DEFICIT) WITH DONOR RESTRICTIONS							
Contributions	47,523	-	-	3,415,206	-	(12,694)	3,450,035
Royalty Income	-	-	-	1,272,970	-	-	1,272,970
Actuarial Gain (Loss) on Gift Annuities Receivable	-	-	-	6,735	-	-	6,735
Investment Income	11,688	-	-	90,253	-	-	101,941
Unrealized Change in Value of Investments	-	-	686	231,845	-	(686)	231,845
Net Assets Released from Restrictions	(57,973)	-	-	(5,704,629)	-	26,124	(5,736,478)
Change in Fair Value of Perpetual Trusts	-	-	-	(7,949,954)	-	-	(7,949,954)
Change in Net Assets (Deficit) With Donor Restrictions	1,238	-	686	(8,637,574)	-	12,744	(8,622,906)
CHANGE IN NET ASSETS (DEFICIT)	1,552,658	(99,979)	53,691	(24,811,419)	(1,509,612)	264,287	(24,550,374)
Net Assets (Deficit) - Beginning of Year	63,648,130	2,849,851	24,516	(33,997,008)	36,855,269	(42,650,862)	26,729,896
NET ASSETS (DEFICIT) - END OF YEAR	$ 65,200,788	$ 2,749,872	$ 78,207	$ (58,808,427)	$ 35,345,657	$ (42,386,575)	$ 2,179,522