HumanGood Pennsylvania
(a Member of HumanGood East)

Financial Statements

December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors of
HumanGood Pennsylvania

Opinion

We have audited the financial statements of HumanGood Pennsylvania (a member of HumanGood East) (the Corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2024 and 2023, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining information, as identified in the table of contents, is presented for purposes of additional analysis of the financial statements, and it is not a required part of the 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 financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 29, 2025

HumanGood Pennsylvania
Balance Sheets
December 31, 2024 and 2023
(In Thousands)

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 4,495	$ 5,180
Resident accounts receivable, net	2,794	3,205
Other receivables, net	5,333	1,616
Prepaid expenses, deposits and other assets	1,572	1,231
Intercompany advances due	5,084	4,031
Total current assets	19,278	15,263
Restricted Cash and Cash Equivalents	5,898	6,131
Investments	74,901	71,119
Statutory Minimum Liquid Reserve	6,959	7,155
Restricted Investments	22,613	20,104
Other Affiliate Receivables	4,606	1,986
Other Noncurrent Assets	2,630	2,922
Beneficial Interest in Split-Interest Agreements and Perpetual Trusts	4,493	4,286
Land, Buildings and Equipment, Net	175,469	180,405
Total assets	$ 316,847	$ 309,371

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 5,818	$ 5,326
Construction payable	270	1,370
Deposits	280	631
Accrued interest	380	390
Current portion of long-term debt	3,103	2,998
Payable to affiliates	4,897	4,814
Entrance fee rebates payable	-	1,208
Total current liabilities	14,748	16,737
Rebatable Entrance Fees Due	94,326	91,749
Entrance Fees Nonrefundable	32,343	29,022
Entrance Fees Subject to Refund	20,174	18,872
Long-Term Debt	96,324	98,842
Notes and Bonds Payable Held by Affiliates	11,037	11,372
Retirement Liability	70	653
Workers' Compensation Liability	747	302
Other Long-Term Liabilities	171	100
Total liabilities	269,940	267,649
Net Assets		
Net assets without donor restrictions	19,025	16,731
Net assets with donor restrictions	27,882	24,991
Total net assets	46,907	41,722
Total liabilities and net assets	$ 316,847	$ 309,371

See notes to financial statements

HumanGood Pennsylvania
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
Changes in Net Assets Without Donor Restrictions		
Operating revenues:		
Residential living	$ 32,583	$ 30,265
Personal care	8,634	8,166
Health center	16,669	15,196
Memory support	5,708	5,047
Other service income	4,038	3,126
Amortization of entrance fees	9,349	7,525
COVID relief funding	20	168
Developer fee revenue	2,164	1,907
Other operating revenue	71	70
Affordable housing fees	2,065	2,036
Net assets released from restrictions	839	928
Unrestricted contributions	2,332	2,295
Total operating revenues	84,472	76,729
Operating expenses:		
Salaries and wages	37,955	35,708
Employee benefits	8,207	6,971
Supplies	5,219	5,103
Ancillary services	2,291	2,656
Repairs and maintenance	886	952
Marketing and advertising	1,530	1,470
Purchased services	7,223	5,799
Utilities	2,915	2,591
Travel and related	571	422
Leases and rents	294	232
Insurance	1,405	1,371
Other operating expense	3,696	3,320
Total operating expenses	72,192	66,595
Income before other operating income (expense)	12,280	10,134
Other operating income (expense):		
Realized gains on investments, net	7,120	4,296
Change in unrealized gains on investments, net	1,292	5,755
Investment income, net	1,755	2,166
Depreciation and amortization expenses	(15,707)	(14,894)
Interest expense	(5,108)	(5,214)
Other income/expense, net	75	2
Gain on disposal of fixed assets	-	183
Income from operations	1,707	2,428
Net Assets Released From Restrictions Used for Property and Equipment	225	38
Equity Transfers	362	149
Change in net assets without donor restrictions	2,294	2,615
Changes in Net Assets With Donor Restrictions		
Dividend and interest income	505	504
Unrealized gains on investments with donor restrictions, net	1,073	1,549
Valuation gains, beneficial interest in perpetual trusts	206	263
Realized gains on investments, net	1,172	988
Contributions	999	1,278
Net assets released from restrictions	(1,064)	(966)
Change in net assets with donor restrictions	2,891	3,616
Change in net assets	5,185	6,231
Net Assets, Beginning	41,722	35,491
Net Assets, Ending	$ 46,907	$ 41,722

See notes to financial statements

HumanGood Pennsylvania
Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
Cash Flows From Operating Activities		
Cash received for resident services	$ 65,922	$ 59,955
Cash received from nonrebatable entrance fees from reoccupancy	7,701	10,971
Cash received from COVID relief funding	20	168
Cash received from other operating activities	5,139	6,127
Cash received from bequests and trust maturities	904	1,171
Cash earnings realized from investments	1,755	2,166
Cash paid for employee salaries	(35,155)	(29,008)
Cash paid for employee benefits	(8,342)	(7,186)
Cash paid for temporary labor	(2,714)	(6,890)
Cash paid to vendors	(26,306)	(20,976)
Cash paid for interest, net	(5,222)	(5,256)
Net cash provided by operating activities	3,702	11,242
Cash Flows From Investing Activities		
Acquisition of land, buildings and equipment	(11,773)	(16,206)
Net sales of unrestricted investments	5,299	10,722
Net purchases of restricted investments	(1,006)	(219)
Net cash used in investing activities	(7,480)	(5,703)
Cash Flows From Financing Activities		
Cash received from initial entrance fees and deposits	4,221	-
Proceeds from rebatable entrance fees	9,324	2,848
Refunds of deposits and refundable entrance fees	(9,054)	(8,453)
Repayments of long-term debt	(2,323)	(2,306)
Net repayment of notes payables, affiliates	(310)	(593)
Cash (used in) received from intercompany and affiliate transactions	(970)	3,680
Other affiliate distributions	362	187
Cash received (paid) from other trust activity, net	611	(461)
Cash received from restricted contributions	999	1,278
Net cash provided by (used in) financing activities	2,860	(3,820)
(Decrease) increase in cash, cash equivalents and restricted cash	(918)	1,719
Cash, Cash Equivalents and Restricted Cash, Beginning	11,311	9,592
Cash, Cash Equivalents and Restricted Cash, Ending	$ 10,393	$ 11,311
Noncash Disclosures		
Obligations incurred for the acquisition of land, buildings and equipment	$ 270	$ 1,370
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Balance Sheet		
Cash and cash equivalents	$ 4,495	$ 5,180
Restricted cash and cash equivalents	5,898	6,131
Total cash, cash equivalents and restricted cash	$ 10,393	$ 11,311

1. Business and Organization

HumanGood Pennsylvania (the Corporation), includes The Mansion at Rosemont (Rosemont), Rydal Park, and Spring Mill Pointe (Spring Mill), and is a member of HumanGood East (HGE). HGE is a member of HumanGood Cornerstone. HGE is a not-for-profit corporation engaged in establishing, maintaining, supporting and operating communities for the care of seniors and is the parent of the following entities:

- The Corporation
- The Presbyterian Home at 58th Street (58th Street)
- Bala Presbyterian Home Foundation (Bala)
- Makemie at Whiteland (Makemie)
- Philadelphia Presbytery Homes WC Trust, Inc. (PPH)
- 19 Affordable Housing Communities

Parent Organization

HumanGood Cornerstone (a Member of HumanGood), is a California nonprofit public benefit tax-exempt corporation and, as the sole member, exercises its direction and control through the appointment of the Board of Directors of HGE, HumanGood Arizona, Inc. (dba Terraces of Phoenix), HumanGood Washington (dba Judson Park), HumanGood Idaho (dba Terraces of Boise), HumanGood Affordable Housing and West Valley Nursing Homes, Inc., (dba Terraces at Summitview) including, effective May 1, 2023, its subsidiary, HG Hillside LLC (dba Hillside). Effective February 1, 2024, HumanGood Cornerstone affiliated with Pleasant Spring Communities, the parent entity of Springhouse, Inc. and Mount Pleasant Home, both located in Boston, Massachusetts. During 2024, HumanGood Cornerstone, through its subsidiary entity, HG Perennial LLC, acquired a minority ownership interest in Perennial Advantage, a network of Medicare Advantage plans.

HumanGood is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for seniors through its LPCs and affordable housing communities. HumanGood is the sole member of HumanGood Cornerstone, HumanGood Fresno (dba Terraces at San Joaquin Gardens), HumanGood SoCal (SoCal) and HumanGood NorCal (NorCal). NorCal is the sole member of HumanGood Foundation West and SoCal is the sole member of HumanGood Foundation South. HumanGood Fresno, HumanGood SoCal and HumanGood NorCal together constitute an obligated group (HumanGood California Obligated Group or COG).

HumanGood and HumanGood Cornerstone's Boards are composed of the same seven directors.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Corporation were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant items subject to such estimates and assumptions include the fair values allowances for credit losses; fair values of notes receivable; fair values of investments; future service benefit obligations; rebatable entrance fees due; entrance fees subject to refund; entrance fees nonrefundable; liabilities for self-insured workers' compensation; self-insured health insurance; liabilities for retirement plans; and valuation of split-interest agreements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions and overnight investments considered to be cash equivalents. For the purposes of the statements of cash flows, cash, cash equivalents and restricted cash include investments purchased with an initial maturity of three months or less.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include cash and cash equivalents held under bond indenture agreements, and first-generation entrance fees.

Resident Accounts Receivable and Other Receivables

Accounts receivable are reported net of an allowance for credit losses, which represents the Corporation's estimate of expected losses at the balance sheet date. Accounts are written off when they are determined to be uncollectible. The adequacy of the Corporation's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, and expected future economic conditions and market trends. Adjustments are made to the allowance, as necessary.

Entrance fee receivables, included in other receivables, net, are evaluated for collectability prior to residents being admitted to the community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed. All amounts are contractually due within 90 days.

Other items in other receivables includes management and bookkeeping fees owed by managed (unowned) HumanGood Affordable Housing communities in HGE and miscellaneous insurance claim receivables.

Investments

Investments include certain cash equivalents held by investment managers, mutual funds, and alternative investments. Investments are measured at fair value in the accompanying balance sheets (Note 4).

Investment income or loss (including interest, dividends and fees), realized gains and losses and unrealized gains and losses on investments are included in income from operations. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair value reported is subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported could change materially in the near term.

Restricted Investments

Certain investments are classified as restricted investments in the accompanying balance sheets (Note 4). These include assets set aside in accordance with donor restrictions.

Land, Buildings and Equipment, Net

Land, buildings and equipment, net are recorded at cost or fair value when received, if donated. The cost basis includes any interest, finance charges and other related costs capitalized during construction. Maintenance and repair costs are charged to operations when incurred.

Depreciation of buildings and equipment is computed on the straight-line method using estimated useful lives of 3 to 40 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 for the period.

Asset Impairment

The Corporation periodically evaluates the carrying value of their long-lived assets for impairment. The evaluation 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 asset impairment was recognized at December 31, 2024 and 2023.

Other Noncurrent Assets

Other assets are primarily comprised of contract acquisition costs, contributions for membership in Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), Ziegler Link-Age capital contribution, net, tax credit compliance fees, health insurance program capital contribution, noncurrent portion of pledges receivable and capitalized contract acquisition costs.

Beneficial Interest in Split-Interest Agreements and Perpetual Trusts

The Corporation has been designated the beneficiary under several split-interest agreements and perpetual trusts.

Under the split-interest agreements, the Corporation primarily recorded the assets and recognized restricted contributions at the fair value of the estimated present value of the remainder interest in the split-interest agreements. The Corporation revalues its interest in the split-interest agreements annually and reports gains or losses in the net assets with donor restrictions class.

A perpetual trust is held by a third-party and is an arrangement in which the donor establishes and funds a trust to exist in perpetuity that is administered by an individual or organization other than the beneficiary. The Corporation has the irrevocable right to receive the income earned on the trust's assets but will never receive the assets themselves. The Corporation recognizes contribution revenue at the time an irrevocable trust is created, at the fair value of the trust's assets (a proxy for present value of discounted cash flows). The contribution revenue is classified with donor restrictions.

The Corporation revalues its interest in the perpetual trusts annually and reports gains or losses in net assets with donor restrictions class.

Deferred Debt Issuance Costs

Expenses incurred in connection with the issuance of debt are deferred and are amortized over the term of the related financing agreements using the interest method. These unamortized amounts are presented in the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Amortization expense, which is included as a component of interest expense, was $72,000 in 2024 and 2023.

Resident Deposits

Resident deposits included in prepaid expenses, deposits and other assets on the accompanying financial statements, represent entrance fees deposits paid to reserve a residence at Rydal Park and Rosemont. These deposits become part of the entrance fees when the resident moves in, or are fully refundable at the residents' discretion. Resident deposits also represent security deposits paid in advance to cover possible costs when residents vacate their apartments. These deposits are taken into income only if earned upon the termination of a rental agreement.

Entrance Fees

Rydal Park and Rosemont communities charge entrance fees to residents to obtain a nontransferable right to lifetime occupancy at one of the retirement communities. Residents enter into different types of continuing care contracts depending on their move-in date and the community they reside in. Under the terms of the various contracts, entrance fees are recorded as either rebatable entrance fees due, entrance fees subject to refund or entrance fees nonrefundable. Entrance fees may be nonrebatable or, for certain Rydal Park residents, entrance fees may be subject to refund. Under the nonrebatable contracts, entrance fees are generally subject to refund on a decreasing basis for 32 to 50 months, depending on the contract selected, after which no refund is due or payable.

The refundable contracts have a guaranteed rebate component, which is 50% or 90% of the entrance fees paid; the balance of the entrance fees paid under the 90% refundable contracts is generally nonrefundable while the balance of the entrance fees paid under the 50% contract is generally refundable on a decreasing basis for 25 months.

Nonrefundable entrance fees are recorded as entrance fees nonrefundable upon receipt and amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancy of the resident. Entrance fees subject to refund will be amortized to income in future years unless refunded. The refundable amounts for Rydal Park residents are reported as rebatable entrance fees due and are not amortized to income.

Refunds to residents are generally paid when the residential living unit vacated has been reoccupied by a new resident and the entrance fees have been paid in full by the new resident.

Obligation to Provide Future Services

If the present value of future outflows to provide future health care services to current contracted residents, adjusted for certain noncash items, exceeds the present value of future cash in-flows, a liability is recognized. Management engages an actuary to periodically calculate the obligation to provide future health care services to current contracted residents. Based upon the last calculations performed using a discount rate of 5%, the present value of future outflows to provide future services, adjusted for certain noncash items, did not exceed the present value of future cash in-flows. Based upon these calculations, and analysis of management, no liability for the obligation to provide future services has been recorded at December 31, 2024 and 2023.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - 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 events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are included in net assets released from restrictions in the accompanying statements of operations and changes in net assets.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, entrance fees are generally billed and collected in advance of move-in.

Net resident service revenues are primarily comprised of the following revenues streams:

Health Center

Health center revenues are primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. The Corporation has determined that health center services are considered one performance obligation, which is satisfied over time as services are provided. Therefore, health center revenues are recognized on a daily basis as services are rendered.

Health center revenues, including monthly service fees, ancillary and other services fees are reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Rydal Park receives revenues for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. A summary of the principal payment arrangements with major third-party payors follows:

Medical Assistance - Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

The Department of Human Services in the Commonwealth of Pennsylvania has a mandatory Medical Assistance managed care program, Community HealthChoices (CHC), for skilled nursing (SN) facilities across the Commonwealth of Pennsylvania. The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible have not changed under CHC.

Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). Effective January 1, 2023, nursing services provided to Medical Assistance program beneficiaries were paid by the MCOs at prospectively determined rates per day. These rates are evaluated and adjusted, as necessary, quarterly based on a resident classification system that is based on clinical, diagnostic and other factors.

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

Medicare Part A and Medical Assistance rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on Rydal Park's clinical assessment of their residents. Rydal Park is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare and Medical Assistance programs.

Other - Rydal Park also entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to Rydal Park under these agreements includes prospectively determined rates per day or discounts from established charges.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence with the payor and Rydal Park’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenues recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Personal Care and Memory Support

Personal care and memory support revenues are primarily derived from providing housing and personal care services to residents at a stated daily fee. The Corporation has determined that the services included in the daily fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, personal care and memory support revenues are recognized on a daily basis as services are rendered.

Residential Living

Residential living revenues are primarily derived from providing housing and services to residents. The Corporation has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, residential living monthly fees are recognized on a month-to-month basis.

Entrance fees collected from residents in advance are recognized as deferred revenues from entrance fees until performance obligations are satisfied and are included in entrance fees nonrefundable in the accompanying balance sheets. The Corporation recognized amortization income of $9,349,000 and $7,525,000 in 2024 and 2023, respectively.
The Corporation applies the practical expedient in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 606 *Revenue From Contracts With Customers*, and therefore, do not disclose amounts for remaining performance obligations that have original expected durations of one year or less. The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees and deposits in the accompanying balance sheets.

Revenues from nonrefundable entrance fees received are recognized through amortization of entrance fees using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as entrance fees nonrefundable in the balance sheets.

Affordable Housing Fees

Affordable housing fees include management fees for management services provided to HGE's affordable housing communities, which are affiliates of the Corporation, and unrelated entities that provide affordable housing for seniors. These fees are recognized as these services are provided.

Contract Balances

Contract assets represent the Corporation's right to consideration in exchange for goods or services that the Corporation has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Corporation's future performance). Contract liabilities represent the Corporation's obligation to transfer goods or services to a resident for which the Corporation has received consideration (or the amount is due) from the resident. The Corporation's beginning and ending contract assets and liabilities are separately presented on the balance sheets as of December 31, 2024 and 2023. Contracts assets and liabilities as of December 31, 2022 in thousands are as follows:

Resident accounts receivable, net	$ 3,136
Entrance fees subject to refund	19,199
Entrance fees nonrefundable	26,608

COVID Funding

COVID relief funding in the accompanying statements of operations and changes in net assets is comprised of amounts received from federal and state funding sources related to the COVID-19 pandemic. The Corporation accounts for this funding in accordance with the FASB ASC Topic 958-605, *Not-for-Profit Entities—Revenue Recognition,* guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature. Results of any audits or reviews by the SBA would have a material impact on the financial statements.

The Corporation received additional COVID relief funding of $20,000 and $168,000 that was recognized and included in COVID relief funding in the accompanying statements of operations and changes in net assets during December 31, 2024 and 2023, respectively.

The majority of the funding received is subject to future reporting and audit requirements. Noncompliance with the terms and conditions of the funding sources could result in repayment of some or all of the support, which can be subject to government review and interpretation. An estimate of the possible effects of these matters cannot be made as of the date these financial statements were available to be issued.

Benevolence

The Corporations provide services to residents who meet certain criteria under their benevolence policy without charge or at amounts less than its established rates. Partial payments to which the Corporations are entitled from public assistance programs on behalf of residents that meet the Corporations' benevolence criteria are reported as revenues. Because the Corporations do not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenues. For the years ended December 31, 2024 and 2023, benevolence recorded was $1,883,000 and $1,877,000, respectively.

The financial assistance amounts above are not materially different than the difference between the cost of providing services to residents that qualified for financial assistance and the amounts these residents were able to pay for services rendered.

Performance Indicator

The statements of operations and changes in net assets includes the determination of income from operations. Changes in net assets without donor restrictions, which are excluded from income from operations consistent with industry practice, include net assets released from restrictions used for property and equipment and equity transfers.

Tax-Exempt Status

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code and is also exempt from state and local income taxes under similar statutes.

The Corporation assesses uncertain tax positions in accordance with the provisions of the FASB ASC Topic 740-10, *Income Taxes*. The Corporation 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 Corporation recognizes interest and penalties related to income tax matters in operating expenses. At December 31, 2024 and 2023 there were no such uncertain tax positions.

Reclassifications

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

3. Liquidity and Availability of Resources

As of December 31, the Corporation has financial assets available for general expenditure within one year of the balance sheets date, consist of the following (in thousands):

	2024	2023
Cash and cash equivalents	$ 4,495	$ 5,180
Resident accounts receivable, net	2,794	3,205
Other receivables, net	5,333	1,616
Investments	74,901	71,119
Total	$ 87,523	$ 81,120

The Corporation has investments which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Corporation has other restricted cash and cash equivalents and investments, held for deposits from initial sales contracts, assets held by trustees under trust indentures, and assets reserved for donor-restricted purposes. These restricted cash and cash equivalents and investments, which are more fully described in Note 4, are not available for general expenditure within the next year and are not reflected in the amounts above.

As stated in Note 4, the Corporation designated a portion of its investments "reserved" to comply with the requirements of Pennsylvania Act 82, which are excluded from the total financial assets available for general expenditure within one year of the balance sheets date. Although the Corporation does not intend to utilize the Act 82 Reserves for general expenditures as part of its annual budget and approval process, amounts designated as Act 82 reserves could be made available as necessary. The Act 82 reserves are included with the restricted investments in Note 4, and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

(In Thousands)

4. Investments and Restricted Investments

The composition of investments and restricted investments is set forth in the following table:

	2024	2023
Investments:		
Cash and cash equivalents	$ 3,227	$ 2,971
Mutual funds	63,316	62,321
Alternative investments	15,317	12,982
Total	81,860	78,274
Less amounts available to meet statutory minimum liquid reserve requirement	6,959	7,155
Total investments	$ 74,901	$ 71,119
Restricted investments:		
Cash and cash equivalents	$ 539	$ 462
Mutual funds	18,619	16,710
Alternative investments	3,455	2,932
Total	$ 22,613	$ 20,104

Restricted investments are comprised of investments restricted by donors.

Investments and statutory minimum liquid reserve were comprised of the following:

	2024	2023
Without donor restriction	$ 3,171	$ 7,870
Community restricted, board-designated	35,851	31,255
Reserve for replacement, board-designated	35,879	31,994
Statutory minimum liquid reserve	6,959	7,155
Total investments	$ 81,860	$ 78,274

(In Thousands)

Investment return is comprised of the following:

	2024	2023
Without donor restrictions:		
Investment income	$ 2,045	$ 2,414
Investment expenses	290	248
Total investment income, net	1,755	2,166
Net realized gains on investments	7,120	4,296
Net change in unrealized gains on investments	1,292	5,755
Total investment return without donor restrictions	10,167	12,217
With donor restrictions:		
Dividend and interest income	505	504
Net realized gains on investments with donor restrictions	1,172	988
Net unrealized gains on investments with donor restrictions	1,073	1,549
Total investment return with donor restrictions	2,750	3,041
Total investment return	$ 12,917	$ 15,258

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Board of Directors designated a portion of the Corporation's investments "reserved" to meet the requirements of Act 82.

These designated funds amounted to approximately $6,959,000 and $7,155,000 at December 31, 2024 and 2023, respectively. The amounts are based on the allowable calculation methodology. The December 31, 2024 amount was calculated as follows:

Budgeted operating expenses for the year ending December 31, 2025	$ 93,319	
Less budgeted depreciation and amortization expense	(15,837)	
Expenses subject to minimum liquid reserve requirement	77,482	
Percentage of residents subject to entrance fee agreements at December 31, 2024	85%	
Subtotal	65,860	
Statutory requirement	10%	
Statutory minimum liquid reserve requirement	$ 6,586	(a)
Debt service requirements for the year ending December 31, 2025 on long-term debt:		
Principal payments	$ 3,103	
Interest payments	5,084	
Total debt service	8,187	
Percentage of residents subject to entrance fee agreements at December 31, 2024	85%	
Statutory minimum liquid reserve requirement	$ 6,959	(b)
Greater of (a) or (b) above (rounded)	$ 6,959	

5. Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement,* 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 Topic 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 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 (NAV) per share (or its equivalent) with the ability to redeem the investments 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 accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds - Mutual funds registered with the U.S. Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted market prices and are categorized as Level 1.

Investments and restricted investments in the accompanying balance sheets includes $18,772,000 and $15,914,000 of an alternative investment fund (the Fund) at December 31, 2024 and 2023, respectively. The Fund is measured using the NAV per share as a practical expedient. The following represents the objectives and redemption restrictions for the Fund:

Hirtle Callaghan Select Equity Fund, LP - The investment objective of the fund is to generate long-term growth in assets by investing primarily in equity and equity-related securities. To realize the objective, the fund may allocate capital to be managed by third-party investment managers, as well as make directly investments. The fund allocates capital to managers through separate accounts and by subscribing to open and/or closed-end funds sponsored by such managers. While the fund intends that its investments will have a predominately long-bias, the fund will not be limited with respect to the types of investment strategies or structures it may employ or the markets or securities in which it may invest, except as it relates to the use of leverage. A limited partner may withdrawal all or a portion of its capital account as of the last day of each calendar quarter, or at such other times as the General Partner may determine in its sole discretion, provided that the capital account has been in existence for at least 12 months as of the relevant withdrawal date. Withdrawals shall require no less than 90 days' prior written notice to the General Partner. The General Partner, in its sole discretion, may waive the notice requirement for any withdrawal. Withdrawals by investors with more than one capital account will be on a first-in-first out basis. There were no unfunded commitments related to this fund at December 31, 2024.

(In Thousands)

The following table presents the fair value measurements of financial instruments recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall as of December 31, 2024 and 2023:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, statutory minimum liquid reserve and restricted investments:				
Mutual funds:				
Equity	$ 57,580	$ -	$ -	$ 57,580
Fixed income	24,355	-	-	24,355
Total	$ 81,935	$ -	$ -	81,935
Alternative investments valued at NAV (a)				18,772
Cash and cash equivalents				3,766
Total investments, statutory minimum liquid reserve and restricted investments				$ 104,473
Beneficial interest in split-interest agreements and perpetual trusts	$ -	$ -	$ 4,493	$ 4,493

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, statutory minimum liquid reserve and restricted investments:				
Mutual funds:				
Equity	$ 56,435	$ -	$ -	$ 56,435
Fixed income	22,596	-	-	22,596
Total	$ 79,031	$ -	$ -	79,031
Alternative investments valued at NAV (a)				15,914
Cash and cash equivalents				3,433
Total investments, statutory minimum liquid reserve and restricted investments				$ 98,378
Beneficial interest in split-interest agreements and perpetual trusts	$ -	$ -	$ 4,286	$ 4,286

(In Thousands)

(a) In accordance with accounting principles generally accepted in the United States of America, certain investments that were measured at NAV per share have not been classified in the fair value hierarchy. The fair value is presented to reconcile to total investments, statutory minimum liquid reserve and restricted investments in the balance sheets.

The Corporation measures its beneficial interest in split-interest agreements and perpetual trusts at fair value based on the fund's underlying investments using unobservable inputs (Level 3) in accordance with accounting principles generally accepted in the United States of America. Changes in the beneficial interest in split-interest agreements and perpetual trusts in 2024 and 2023 were as follows:

	2024	2023
Beginning balance	$ 4,286	$ 3,997
Investment income	117	143
Distributions	(116)	(117)
Valuation gain	206	263
Ending balance	$ 4,493	$ 4,286

6. Land, Buildings and Equipment, Net

Land, buildings and equipment, net at cost consist of the following at December 31, 2024 and 2023:

	2024	2023
Land and land improvements	$ 16,135	$ 15,742
Buildings and improvements	269,446	262,528
Furnishings, equipment and automotive	51,494	43,290
Total	337,075	321,560
Less accumulated depreciation	(164,429)	(149,389)
Subtotal	172,646	172,171
Construction in process	2,823	8,234
Land, buildings and equipment, net	$ 175,469	$ 180,405

Depreciation expense was $15,607,000 in 2024 and $14,809,000 in 2023.

Fully depreciated assets of $567 and $33 were disposed of during the years ended 2024 and 2023, respectively.

Construction in process as of December 31, 2024 consists primarily of the construction of a new parking structure at Rydal Park in addition to five new Residential Living apartments and a Memory Support unit refresh at Spring Mill Pointe. The Corporation has entered into construction contracts totaling approximately $2,744,000 related to the projects. Costs incurred to date through December 31, 2024 on the contracts were approximately $311,000.

(In Thousands)

7. Construction Loans and Letter of Credit

The Corporation had previously entered into an irrevocable standby letter of credit with Citizens Bank in the amount of $1,716,000 for the benefit of the Township of Abington related to the completion of the Rydal Waters expansion at Rydal Park. There were no amounts drawn as of December 31, 2023. The letter of credit was not renewed in 2024.

8. External Long-Term Debt and Notes Payable to Affiliates

Long-term debt consists of the following at December 31, 2024 and 2023:

	2024	2023
External Long-Term Debt		
Montgomery County Industrial Development Authority Revenue Bonds, Philadelphia Presbytery Homes, Inc. Project, Series 2017 Bonds. (a)	$ 77,317	$ 79,012
Loan payable to Citizens Bank for the Rydal Waters expansion at Rydal Park. The initial loan amount was $20,567,000 and is payable over 30 years beginning May 2022. The loan bears interest equal to 79% of the Daily Simple SOFR rate plus 1.3% (4.74% as of December 31, 2024).	18,796	19,424
Notes Payable to Affiliates		
Note payable to Bala Presbyterian Home Foundation in semi-annual installments of $311, including interest at 4%, with final payment due in 2030. Proceeds were used to finance Makemie development costs.	3,286	3,762
Note payable to Bala Presbyterian Home Foundation in semi-annual installments of $235, including interest at 4%, with final payment due in 2054. Proceeds were used to acquire land for the Rydal Waters Project.	8,086	8,227
Note payable to Bala Presbyterian Home Foundation, over a 10-year term at 2% annual interest rate. Proceeds are drawn to reimburse construction expenditures related to a Residential Living expansion and a Memory Support refresh at Spring Mill up to a $3,000,000 maximum. Repayments and amortization will begin after projects are fully constructed.	307	-
Total	107,792	110,425
Unamortized premium	4,421	4,608
Less current portion	(3,103)	(2,998)
Less unamortized debt issuance costs	(1,749)	(1,821)
Long-term debt and notes payable to affiliates	$ 107,361	$ 110,214

(In Thousands)

(a) In October 2017, the Montgomery County Higher Education and Health Authority issued $88,145,000 of Series 2017 Revenue Bonds (the 2017 Bonds) on behalf of the Corporation. Proceeds from the 2017 Bonds were primarily used to refund the 2010 Bonds, the 2013 Bonds, finance various capital projects and fund a debt service reserve fund for the 2017 Bonds.

The 2017 Bonds bear interest payable semi-annually at rates ranging from 2% to 5%. Principal payments on the 2017 Bonds are due in varying annual installments through 2048.

The 2017 Bonds have been issued under a Master Trust Indenture dated October 1, 2017, as supplemented, which secures the obligations of the Corporation and includes a security interest on substantially all of the Borrower's property and equipment. The Corporation is subject to financial covenants under the terms of the Master Trust Indenture which includes debt service coverage ratio and minimum days cash-on-hand requirements.

Scheduled principal repayments required on long-term debt and notes payable to affiliates are as follows:

Years ending December 31:		
2025	$	3,103
2026		3,522
2027		3,326
2028		3,444
2029		3,573
Thereafter		90,824
Total	$	107,792

9. Retirement Plan

The Corporation also participates in a defined contribution retirement plan covering all eligible employees. The Corporation's contribution is a match of employee contributions up to 4% of eligible earnings in a calendar year. Expenses, net of forfeitures and adjustments, related to the plan were approximately $611,000 in 2024 and $603,000 in 2023.

10. Self-Insured Programs

Workers' Compensation Plan

The Corporation maintains a plan of self-insurance for workers' compensation claims in accordance with Pennsylvania Department of Labor and Industry regulations. The estimated liabilities were arrived at using information provided by an outside actuary and include a provision for incurred but not reported claims.

Unemployment Compensation Plan

The Corporation is self-insured for unemployment compensation benefits in accordance with Commonwealth of Pennsylvania regulations. The Corporation has elected to pay actual claims incurred in lieu of the Commonwealth's premium as permitted for nonprofit organizations. The Corporation believes all costs related to this self-insurance program have been properly accounted for and accrued at December 31, 2024 and 2023.

(In Thousands)

Health Insurance

The Corporation is self-insured for health insurance claims for eligible active employees with certain self-insured retention limits. The program is managed by COG and estimates of the liability for claims incurred but not reported are included in the combined balance sheets of COG and costs related thereto are allocated to the Corporation through intercompany transactions based on a percentage of payroll.

11. Professional Liability Insurance

The Corporation maintains professional liability coverage on a claims-made basis as a member of CCrRRG. In addition to premiums paid under this policy, a legal reserve of $1,975,000 and $909,000 is included in accounts payable and accrued expenses in the accompanying balance sheets as of December 31, 2024 and 2023, respectively, to cover estimated self-insurance retentions. Management believes no incidents occurred or will be asserted that will exceed the Corporation's insurance coverages or will have a material adverse effect on the financial statements.

12. Net Assets With Donor Restrictions

The purpose restricted assets are those whose use by the Corporation has been limited by donors to a specific purpose and are primarily available for resident support. Funds held by trustee are funds held by a bank in which Corporation has a proportion of the fair market value and from which dividends and interest are paid. Funds restricted in perpetuity have been restricted by donors to be maintained by the Corporation in perpetuity, the investment income from these funds is expendable to support the Corporation.

	2024	2023
With donor restrictions:		
Purpose restricted	$ 22,332	$ 19,648
Funds held by trustee	4,493	4,286
Restricted in perpetuity	1,057	1,057
Total net assets with donor restrictions	$ 27,882	$ 24,991

(In Thousands)

13. Net Resident Service Revenues

The Corporation disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended December 31, 2024 and 2023:

	2024				
	Residential Living	**Personal Care**	**Health Center**	**Memory Support**	**Total**
Private (contract)	$ 30,312	$ 4,914	$ 1,172	$ 2,355	$ 38,753
Private (noncontract)	2,271	3,720	4,007	3,353	13,351
Medicare (Part A)	-	-	4,603	-	4,603
Medicare (Part B)	-	-	858	-	858
Medicaid	-	-	4,281	-	4,281
Managed care	-	-	1,748	-	1,748
Subtotal	$ 32,583	$ 8,634	$ 16,669	$ 5,708	63,594
Amortization of entrance fees					9,349
Total					$ 72,943

	2023				
	Residential Living	**Personal Care**	**Health Center**	**Memory Support**	**Total**
Private (contract)	$ 28,547	$ 3,835	$ 429	$ 2,328	$ 35,139
Private (noncontract)	1,718	4,331	4,526	2,719	13,294
Medicare (Part A)	-	-	3,571	-	3,571
Medicare (Part B)	-	-	1,258	-	1,258
Medicaid	-	-	4,023	-	4,023
Managed care	-	-	1,389	-	1,389
Subtotal	$ 30,265	$ 8,166	$ 15,196	$ 5,047	58,674
Amortization of entrance fees					7,525
Total					$ 66,199

(In Thousands)

14. Functional Expenses

The Corporation provide housing, healthcare and other related services to residents within their geographic location. The financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are approximately as follows at December 31, 2024 and 2023:

	2024			
	Residential Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 27,972	$ 9,496	$ 487	$ 37,955
Employee benefits	5,227	2,894	86	8,207
Supplies	5,060	154	5	5,219
Ancillary services	2,291	-	-	2,291
Repairs and maintenance	883	3	-	886
Marketing and advertising	1,506	24	-	1,530
Purchased services	3,248	3,926	49	7,223
Utilities	2,773	140	2	2,915
Travel and related	106	446	19	571
Leases and rents	294	-	-	294
Insurance	1,405	-	-	1,405
Other operating expenses	3,410	120	166	3,696
Depreciation and amortization expenses	15,683	24	-	15,707
Interest expense	5,108	-	-	5,108
Total	$ 74,966	$ 17,227	$ 814	$ 93,007

	2023			
	Residential Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 26,532	$ 8,667	$ 509	$ 35,708
Employee benefits	4,415	2,471	85	6,971
Supplies	4,827	270	6	5,103
Ancillary services	2,656	-	-	2,656
Repairs and maintenance	951	1	-	952
Marketing and advertising	1,460	10	-	1,470
Purchased services	2,808	2,950	41	5,799
Utilities	2,448	141	2	2,591
Travel and related	92	311	19	422
Leases and rents	232	-	-	232
Insurance	1,371	-	-	1,371
Other operating expenses	3,009	-	311	3,320
Depreciation and amortization expenses	14,881	13	-	14,894
Interest expense	5,214	-	-	5,214
Total	$ 70,896	$ 14,834	$ 973	$ 86,703

15. Transactions With Affiliates

Intercompany advances due of $5,084,000 and $4,031,000 at December 31, 2024 and 2023, respectively, represent management fees receivable and other operating advances to the HGE Affordable Housing Communities, for which there are no fixed repayment terms and which are expected to be settled during the normal course of business.

Other affiliate receivables of $4,606,000 and $1,986,000 at December 31, 2024 and 2023, respectively, represent net development fees receivable from Cantrell Place, LP, Witherspoon Senior Apartments, LP, Janney Street Apartments, LP, Mary Field Senior Apartments LP, Maple Village Apartments LP (HGE Affordable Housing Communities), and Makemie as well as a subordinated loan between the Corporation and Riverside Senior Apartments, LP (an HGE Affordable Housing Community). The amounts are evidenced by, and are to be paid in accordance with, the terms of their respective developer agreements. Management believes the balances due from communities listed above are fully collectible.

In April 2008, the Philadelphia Authority for Industrial Development issued $15,000,000 of Series 2008 Bonds on behalf of Riverside Senior Apartments, LP (an HGE Affordable Housing Community) (RSA). Principal payments on the Series 2008A Bonds are due in quarterly installments ranging from $10,000 to $970,000 through April 2048 (Note 8). Principal on the Series 2008B Bonds (the 2008B Bonds) are payable from and to the extent of RSA's available surplus cash. The Corporation is a guarantor on the Series 2008 Bonds. In addition to the guaranty agreement, the Bonds are secured by a mortgage agreement on certain property and equipment of RSA. As of December 31, 2024 and 2023, the outstanding principal amount is $7,650,000 and $8,025,000, respectively, on the Series 2008A Bonds and $6,000,000 on the Series 2008B Bonds. The Series 2008B Bonds were executed in conjunction with a ground lease between RSA and Philadelphia Presbytery Apartments, Inc. and there were no proceeds as a result of Series 2008B Bonds, therefore, there is no net liability for the Affordable Housing Communities.

Contributions to the Corporation from affiliates included in unrestricted contributions of $2,080,000 and $2,050,000 in 2024 and 2023, respectively, are primarily attributable to amounts received from Bala for resident, chaplain and philanthropy support. Contributions to the Corporation from affiliates for capital expenditures included in equity transfers of $871,000 and $1,028,000 in 2024 and 2023, respectively, are attributable to amounts received from Bala for capital expenditures. In addition, the Corporation contributed support to HumanGood Cornerstone in the amount of $509,000 and 879,000 in 2024 and 2023 respectively, which is also included in equity transfers.

The Corporation provides management services and other support services to HGE's subsidiaries as well as 18 unrelated corporations under management agreements. Management fees paid to the Corporation by related parties were $1,313,000 in 2024 and $1,290,000 in 2023, which are recorded in affordable housing fees revenue on the statement of operations and changes in net assets.

The Corporation owed HumanGood NorCal $4,897,000 and $4,814,000 as of December 31, 2024 and 2023, respectively, for various costs which are expected to be settled during the normal course of business with no fixed repayment terms.

16. Contingencies

Legal

The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

17. Concentrations

The Corporation grants credit without collateral to its residents, most of whom are local residents and some of whom are insured under third-party payor agreements, primarily with Medical Assistance, Medicare and various commercial insurance carriers.

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risk.

18. Subsequent Events

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

The Corporation has evaluated subsequent events through April 29, 2025, which is the date the financial statements were issued.

HumanGood Pennsylvania
(a Member of HumanGood East)

Combining Divisional Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2024
(In Thousands)

	Supplementary Information					
	The Mansion at Rosemont	**Spring Mill Pointe**	**Rydal Park**	**PA Community Support Center & Philanthropy**	**Eliminations**	**HumanGood PA Total**
Changes in Net Assets Without Donor Restrictions						
Operating revenues:						
Residential living	$ 4,841	$ 2,035	$ 25,707	$ -	$ -	$ 32,583
Personal care	4,380	1,399	2,855	-	-	8,634
Health center	26	3	16,640	-	-	16,669
Memory support	1,583	2,216	1,909	-	-	5,708
Other service income	236	173	3,629	-	-	4,038
Amortization of entrance fees	2,201	-	7,148	-	-	9,349
Developer fee revenue	-	-	-	2,164	-	2,164
Other operating revenues	-	-	-	71	-	71
Affordable housing fees and rents	-	-	-	2,065	-	2,065
COVID relief funding	-	-	20	-	-	20
Net assets released from restrictions	264	-	246	329	-	839
Unrestricted contributions	431	1,048	178	817	(142)	2,332
Total operating revenues	13,962	6,874	58,332	5,446	(142)	84,472
Operating expenses:						
Salaries and wages	4,901	3,077	21,996	7,981	-	37,955
Employee benefits	1,133	682	4,844	1,548	-	8,207
Supplies	1,243	570	3,351	55	-	5,219
Ancillary services	47	53	2,191	-	-	2,291
Repairs and maintenance	181	64	638	3	-	886
Marketing and advertising	525	183	798	24	-	1,530
Purchased services	935	695	4,504	1,089	-	7,223
Utilities	592	289	1,979	55	-	2,915
Travel and related	29	(3)	119	426	-	571
Leases and rents	72	(264)	186	300	-	294
Insurance	229	121	919	136	-	1,405
Other operating expense	1,324	618	6,744	(4,848)	(142)	3,696
Total operating expenses	11,211	6,085	48,269	6,769	(142)	72,192
Income (loss) before other operating income (expense)	2,751	789	10,063	(1,323)	-	12,280
Other operating income (expense):						
Realized gains on investments, net	2,362	164	3,021	1,573	-	7,120
Change in unrealized gains on investments, net	827	2	941	(478)	-	1,292
Investment income, net	587	28	723	417	-	1,755
Depreciation and amortization expenses	(3,696)	(1,202)	(10,698)	(111)	-	(15,707)
Interest expense	(150)	(278)	(4,411)	(269)	-	(5,108)
Other income/expense, net	-	3	72	-	-	75
Income (loss) from operations	2,681	(494)	(289)	(191)	-	1,707
Net Assets Released From Restrictions Used for Property and Equipment	197	-	28	-	-	225
Equity Transfers	645	226	-	(509)	-	362
Change in net assets without donor restrictions	3,523	(268)	(261)	(700)	-	2,294
Changes in Net Assets With Donor Restrictions						
Dividend and interest income	155	1	100	249	-	505
Unrealized gains on investments with donor restrictions, net	3	-	8	1,062	-	1,073
Valuation gains, beneficial interest in perpetual trusts	97	-	101	8	-	206
Realized gains on investments, net	226	3	585	358	-	1,172
Contributions	257	81	474	187	-	999
Net assets released from restrictions	(264)	-	(246)	(554)	-	(1,064)
Change in net assets with donor restrictions	474	85	1,022	1,310	-	2,891
Change in net assets	3,997	(183)	761	610	-	5,185
Net Assets (Deficit), Beginning	32,339	(3,415)	(25,488)	38,286	-	41,722
Net Assets (Deficit), Ending	$ 36,336	$ (3,598)	$ (24,727)	$ 38,896	$ -	$ 46,907