RIVERVIEW LUTHERAN RETIREMENT COMMUNITY OF SPOKANE
DBA: RIVERVIEW RETIREMENT COMMUNITY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

RIVERVIEW LUTHERAN RETIREMENT COMMUNITY OF SPOKANE
DBA: RIVERVIEW RETIREMENT COMMUNITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Riverview Lutheran Retirement Community of Spokane
dba: Riverview Retirement Community
Spokane, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Riverview Lutheran Retirement Community of Spokane dba: Riverview Retirement Community (a Washington nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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
Riverview Lutheran Retirement Community of Spokane
dba: Riverview Retirement Community

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverview Lutheran Retirement Community of Spokane dba: Riverview Retirement Community as of December 31, 2020 and 2019, and the results of its operations, changes in its net assets (deficit), and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
April 29, 2021

RIVERVIEW LUTHERAN RETIREMENT COMMUNITY OF SPOKANE
DBA: RIVERVIEW RETIREMENT COMMUNITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,163,681	$ 1,337,008
Investments	14,008,090	11,775,402
Accounts Receivable, Net	225,697	1,307,559
Prepaid Expenses and Other Assets	121,176	120,848
Total Current Assets	15,518,644	14,540,817
ASSETS LIMITED OR RESTRICTED AS TO USE		
Restricted for Debt Service and Reserve	1,543,333	1,593,920
Other Assets Limited or Restricted as to Use	764,082	816,894
Total Assets Limited or Restricted as to Use	2,307,415	2,410,814
PROPERTY, BUILDINGS, AND EQUIPMENT, NET	36,957,089	38,521,509
Total Assets	$ 54,783,148	$ 55,473,140
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable	$ 567,207	$ 1,007,391
Accrued Payroll and Related Liabilities	712,553	668,827
Accrued Interest	379,549	387,540
Applicants' Deposits	125,500	146,000
Patient Trust Liability	5,465	6,757
Current Maturities of Long-Term Debt	576,077	549,981
Current Portion of Entrance Fees Refundable Upon Re-Occupancy	1,242,400	-
Total Current Liabilities	3,608,751	2,766,496
LONG-TERM LIABILITIES		
Long-Term Debt, Net	20,683,182	19,124,069
Entrance Fees Refundable upon Re-occupancy, Net of Current Portion	30,749,428	31,378,710
Deferred Revenue from Nonrefundable Entrance Fees	3,805,926	4,291,357
Deferred Compensation Payable	242,239	302,936
Total Long-Term Liabilities	55,480,775	55,097,072
Total Liabilities	59,089,526	57,863,568
NET ASSETS (DEFICIT)		
Net Assets (Deficit) Without Donor Restrictions:		
Without Board Designations	(4,624,752)	(2,716,044)
With Board Designations	59,115	66,357
Total Net Assets (Deficit) Without Donor Restrictions	(4,565,637)	(2,649,687)
With Donor Restrictions	259,259	259,259
Total Net Assets (Deficit)	(4,306,378)	(2,390,428)
Total Liabilities and Net Assets (Deficit)	$ 54,783,148	$ 55,473,140

See accompanying Notes to Financial Statements.

RIVERVIEW LUTHERAN RETIREMENT COMMUNITY OF SPOKANE
DBA: RIVERVIEW RETIREMENT COMMUNITY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUE		
Resident Service Revenue, Net	$ 12,275,647	$ 20,301,609
Entrance Fees Earned	519,926	509,255
Loss on Fair Market Value Refund of Residency Agreements	-	(348,640)
Termination Income from Nonrefundable Portion of Residency Agreements	242,265	183,319
Tenant Reimbursements	201,897	188,689
Investment Income, Net	1,614,063	1,951,372
Contributions	28,671	47,672
Gain on Disposal of Equipment	3,162	4,500
HHS Provider Relief Funds	654,408	-
Other Revenue	340,426	388,023
Total Revenue	15,880,465	23,225,799
EXPENSES		
Health Services	4,783,873	8,602,693
Recreational Therapy Services	140,263	270,511
Chaplaincy Services	79,041	65,897
Dining Services	2,115,484	2,944,442
Environmental Services	703,033	810,510
Plant Operations and Security	2,159,356	2,236,079
Fiscal and Administration	2,989,839	2,808,734
Interest Expense	1,028,335	1,053,786
Taxes and Insurance	530,439	461,934
Depreciation	3,266,752	3,058,030
Total Expenses	17,796,415	22,312,616
CHANGE IN NET ASSETS (DEFICIT)	(1,915,950)	913,183
Net Assets (Deficit) - Beginning of Year	(2,390,428)	(3,303,611)
NET ASSETS (DEFICIT) - END OF YEAR	$ (4,306,378)	$ (2,390,428)

See accompanying Notes to Financial Statements.

RIVERVIEW LUTHERAN RETIREMENT COMMUNITY OF SPOKANE
DBA: RIVERVIEW RETIREMENT COMMUNITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets (Deficit)	$ (1,915,950)	$ 913,183
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,266,752	3,058,030
Amortization of Debt Issuance Costs	25,517	25,517
Amortization of Bond Premium	(12,549)	(12,550)
Nonrefundable Contracts - Entrance Fees Received	276,760	883,780
Nonrefundable Contracts - Termination Income	(242,265)	(183,319)
Entrance Fees Earned	(519,926)	(509,255)
Loss on Fair Market Value Refund of Residency Agreements	-	348,640
Realized Loss (Gain) on Investments	110,994	(312,602)
Unrealized Gain on Investments	(1,493,733)	(1,354,926)
Gain on Disposal of Equipment	(3,162)	(4,500)
Net Change in:		
Accounts Receivable	1,081,862	(47,055)
Prepaid Expenses	(328)	(32,897)
Accounts Payable	(515,754)	(2,542,645)
Accrued Payroll and Related Liabilities	43,726	(167,868)
Accrued Interest	(7,991)	(5,262)
Patient Trust Liability	(1,292)	(4,201)
Applicants' Deposits	(20,500)	(9,500)
Net Cash Provided (Used) by Operating Activities	72,161	42,570
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,102,248	2,525,000
Purchase of Investments	(1,890,291)	(764,884)
Purchase of Property, Buildings, and Equipment	(1,623,600)	(2,845,476)
Net Cash Used by Investing Activities	(2,411,643)	(1,085,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(549,759)	(525,980)
Proceeds from Long-Term Debt	2,122,000	-
Refundable Contracts - Entrance Fees Received	1,107,040	3,535,120
Refundable Contracts - Entrance Fees Refunded	(493,922)	(2,676,815)
Net Cash Provided by Financing Activities	2,185,359	332,325
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(154,123)	(710,465)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	1,978,239	2,688,704
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 1,824,116	$ 1,978,239

See accompanying Notes to Financial Statements.

RIVERVIEW LUTHERAN RETIREMENT COMMUNITY OF SPOKANE
DBA: RIVERVIEW RETIREMENT COMMUNITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash and Cash Equivalents - Unrestricted	$ 1,163,681	$ 1,337,008
Cash and Cash Equivalents - Restricted for Debt Service	648,582	634,474
Cash and Cash Equivalents - Restricted for Debt Service Reserve	6,381	-
Cash and Cash Equivalents - Patient Trust Fund	5,472	6,757
Total Cash and Cash Equivalents	$ 1,824,116	$ 1,978,239
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid in Cash	$ 1,023,359	$ 1,046,081
Noncash Acquisition of Property, Buildings, and Equipment	$ 75,570	$ 442,229

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Riverview Lutheran Retirement Community of Spokane dba: Riverview Retirement Community (the Corporation) is incorporated under the Washington State Nonprofit Corporation Act for the purpose of owning, operating, and providing retirement housing for the elderly in the local Spokane community and the surrounding communities. The Corporation is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). The Corporation operates four divisions: Riverview Village provides independent living services, Riverview Terrace provides assisted living services, Riverview Care Center provides skilled nursing services and Riverview Memory Care provides memory care services. The Corporation permanently closed Riverview Care Center in May 2020.

Riverview Resident Assistance Foundation (the Foundation), a Washington nonprofit corporation and a 501(c)(3) organization, was incorporated on January 19, 2017. The Foundation was organized to generate donations and to provide financial assistance to residents of Riverview Retirement Community who outlive their financial assets. The Foundation is deemed a Type 1 Supporting Organization by the Internal Revenue Service (IRS) and Riverview Retirement Community is identified as the Supported Organization. The initial board of directors of the Foundation was appointed by the board of directors of Riverview Retirement Community and all new members of the Foundation board of directors must first be approved by the board of directors of Riverview Retirement Community. The financial position of the Foundation as of December 31, 2020 and 2019, and the results of its operations, changes in its net assets, and its cash flows for the years then ended have not been incorporated into the financial statements of Riverview Retirement Community as they were deemed to be immaterial. See Note 14 for a summary of the financial position and activities of the Foundation as of December 31, 2020 and 2019 and for the years then ended.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting pursuant to accounting principles generally accepted in the United States of America.

Performance Indicator

Change in net assets (deficit) without donor restrictions as reflected in the accompanying statements of activities and changes in net assets is the performance indicator. Items excluded from the performance indicator, consistent with industry practice include, if present, contributions of and assets released from donor restrictions related to long lived assets, investment returns restricted to use by donors or by law, and unrealized gains and losses on debt securities, unless the debt security is a trading debt security.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts, commercial paper, and other securities with maturities of three months or less at date of acquisition that are not otherwise held by an investment advisor or restricted by donors or other external parties.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value based on quoted market prices. Investments acquired by gift 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. See Note 8 for fair value hierarchy disclosures.

Accounts Receivable

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

Accounts receivable are stated at the amount management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of individual 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 Limited or Restricted as to Use

Assets limited or restricted as to use include assets that are restricted for debt reserve and debt service or limited as to use by the board of directors or donors for various reasons (see Note 4).

Property, Building, and Equipment

Property, building, 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 Corporation capitalizes fixed assets with a cost greater than $5,000 in the independent and assisted living departments and $2,000 in the skilled nursing facility. 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 3 to 30 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 revenue or expense for the period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Building, and Equipment (Continued)

The Corporation, 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 years ended December 31, 2020 and 2019.

Applicants' Deposits

The Corporation requires each applicant for residency to pay a $1,000 or $500 fee to join the waiting list for the independent living or assisted living units, respectively. This deposit enables the Corporation to objectively determine which applicant will prevail when more than one applicant is interested in the same unit by awarding the unit to the applicant that has been on the waiting list longest. The waiting list deposits are fully refundable for any reason at any time prior to applying the deposit to a resident agreement. When an independent living unit becomes available, the applicant is required to pay a nonrefundable $4,000 entrance fee deposit to reserve a specific independent living unit prior to occupancy. Existing residents of Riverview Retirement Community can sign up for the Memory Care wait list for $1,500 and nonresidents for $3,000. As with all other applicant deposits, memory care deposits are fully refundable for any reason at any time.

Patient Trust Liability

Patient trust liability consists of patients' funds held under agency agreement with the Corporation. A corresponding asset is recorded in assets limited or restricted as to use.

Entrance Fees Refundable Upon Re-Occupancy

Residency Agreements are 75% or 80% refundable at the time of re-occupancy after termination of the contract. There are a limited number of residency agreements in which the refund is equal to 80% of the entrance fee received from subsequent resident of the unit. The refundable portion of entrance fees as of December 31, 2020 and 2019 was $31,991,828 and $31,378,710, respectively. As of December 31, 2020 and 2019, $1,242,400 and $-0-, respectively, of the refundable portions due to residents were included in current portion of entrance fees refundable upon re-occupancy and will be refunded at the time the unit is reoccupied by another resident. Actual refunds of such entrance fees were $493,922 and $2,676,815 for the years ended December 31, 2020 and 2019, respectively. The nonrefundable portion of the entrance fee for the Residency Agreements is described in the following paragraph.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Nonrefundable Entrance Fees

The nonrefundable portion (20% or 25% of the entrance fee) of the Residency Agreements is recorded as deferred revenue. The nonrefundable deferred entrance fees are amortized to income on a straight-line basis over the estimated remaining life expectancy of the resident which is estimated at the time of entrance and is adjusted annually based on actuarially determined, estimated, remaining life expectancy of the resident. Upon voluntary or involuntary termination, the remaining unamortized balance of the nonrefundable portion of the entrance fee is recognized as income. Amounts amortized to income relating to these types of contracts were $519,926 and $509,255, respectively, for the years ended December 31, 2020 and 2019, and are presented in entrance fees earned in the statements of activities and changes in net assets (deficit). At December 31, 2020 and 2019, the Corporation had nonrefundable entrance fees, net of accumulated amortization, of $3,805,926 and $4,291,357, respectively, related to entrance fees received that will be recognized as revenue in future years.

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 without donor restrictions represent unrestricted resources available to support the Corporation’s operations and restricted resources which have become available for use by the Corporation 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 stipulations that they be maintained by the Corporation in perpetuity. The board of directors has interpreted Washington’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 permanently restricted donations absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation 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 Corporation to use all or part of the investment return on these assets.

Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

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

Tax-Exempt Status

The Corporation has been recognized by the Internal Revenue Service as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

Concentrations of Risk

The Corporation's cash, cash equivalents, investments, and assets limited or restricted as to use consist of various financial instruments. These financial instruments may subject the Corporation 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.

Concentration of credit risk results from the Corporation 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 at December 31, 2020 and 2019.

Unemployment Self-Insurance

The Corporation self-insures for unemployment benefits. Provision for self-insurance claims is made in the period the claims are paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Corporation follows the policy of expensing advertising costs as incurred. The Corporation's advertising expense for the years ended December 31, 2020 and 2019 was $207,242 and $278,596, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement – Accounting Standard Update 2016-18

During the year ended December 31, 2020, the Corporation adopted FASB ASU No. 2016-18, Statement of Cash Flows – Restricted Cash. This new accounting standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statements of cash flows. The adoption of this accounting standard had an effect on previously reported net change in cash and cash equivalents as well as beginning and ending balances of cash, cash equivalents, and restricted cash on the statements of cash flows.

Reclassifications

Certain financial statement reclassifications have been made to prior year balances for comparability purposes and had no impact on changes in net assets (deficit) or net assets (deficit) as previously reported.

Subsequent Events

The board of directors and management have evaluated subsequent events through April 29, 2021, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of December 31, 2020 and 2019, the Corporation had a working capital of $11,909,893 and $11,774,321, respectively. Days cash on hand were 388 and 250 for the years ended December 31, 2020 and 2019, respectively.

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

	2020	2019
Cash and Cash Equivalents	$ 1,163,681	$ 1,337,008
Investments	14,008,090	11,775,402
Accounts Receivable, Net	225,697	1,307,559
Assets Limited or Restricted as to Use:		
By Board for Visions for Tomorrow	59,115	66,357
Total Financial Assets	$ 15,456,583	$ 14,486,326

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of the Corporation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. In 2018, the board designated the funds in the Visions for Tomorrow Fund to be used for matching gifts to encourage donations to the Foundation. The fund totaled $59,115 and $66,357 as of December 31, 2020 and 2019, respectively.

Additionally, the Corporation maintains a $3,000,000 line of credit, as discussed in more detail in Note 6. As of December 31, 2020, $3,000,000 remained available on the Corporation's line of credit.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31:

	2020		2019	
	Amount	Percentage	Amount	Percentage
Medicare	$ 181,478	34 %	$ 662,669	48 %
Managed Care	171,216	32	199,640	15
Private Payors	86,501	16	132,772	10
Medicaid	58,762	11	357,868	26
Other	40,740	7	18,610	1
Accounts Receivable, Gross	538,697	100%	1,371,559	100%
Less: Allowance for Doubtful Accounts	(313,000)		(64,000)	
Accounts Receivable, Net	$ 225,697		$ 1,307,559	

NOTE 4 ASSETS LIMITED OR RESTRICTED AS TO USE

Assets limited or restricted as to use consisted of the following at December 31:

	2020	2019
Restricted for Debt Service and Reserve:		
Series 2012 Bond Debt Service Reserve Fund	$ 894,751	$ 959,446
Series 2012 Bond Debt Service Fund	648,582	634,474
Subtotal	1,543,333	1,593,920
Other Assets Limited or Restricted as to Use:		
Beneficial Interest in Perpetual Trust and Endowments	446,270	430,178
Restricted under Deferred Compensation Arrangements	242,232	302,937
By Board for Visions for Tomorrow	59,115	66,357
Beneficial Interest in Innovia Foundation Funds	10,993	10,665
Patient Trust Funds	5,472	6,757
Subtotal	764,082	816,894
Total Assets Limited or Restricted as to Use	$ 2,307,415	$ 2,410,814

NOTE 5 PROPERTY, BUILDINGS, AND EQUIPMENT

Property, buildings, and equipment consisted of the following at December 31:

	2020	2019
Land	$ 4,067,426	$ 4,067,426
Land Improvements	5,258,475	5,243,392
Buildings	33,118,464	33,118,464
Building Improvements	23,668,641	22,253,369
Equipment and Furnishings	6,443,310	6,340,296
Vehicles	534,679	534,679
Subtotal	73,090,995	71,557,626
Less: Accumulated Depreciation	(37,265,363)	(34,010,900)
Subtotal	35,825,632	37,546,726
Construction in Progress	1,131,457	974,783
Total Property, Buildings, and Equipment, Net	$ 36,957,089	$ 38,521,509

Approximately $876,000 of the construction in progress at December 31, 2020, relates to the construction of the Adult Group Home project. The Adult Group Home is a building that would accommodate up to twelve residents, six on each side of the duplex. Memory care services will be provided at the Adult Group Home. The total cost of the Adult Group Home is expected to be $876,000 and it is expected to be licensed in May 2021.

NOTE 5 PROPERTY, BUILDINGS, AND EQUIPMENT (CONTINUED)

Approximately $206,000 of the construction in progress at December 31, 2020, relates to the closure for traffic of one of the streets on the Riverview Retirement Community campus. The cost to complete the street closure is expected to be $350,000 and it is expected to be completed in June 2021.

Approximately $22,000 of the construction in progress at December 31, 2020, relates to obtaining a Comprehensive Outpatient Rehabilitation Facility (CORF) license. The total cost to obtain the license is expected to be $75,000 which is expected to be obtained in May 2021.

The rest of the the construction is progress costs are related to unit renovations and other routine costs. The construction in progress projects are funded by operations.

NOTE 6 LONG-TERM DEBT

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

Description	2020	2019
Washington State Housing Finance Commission 5% Fixed Rate Demand Elderly Housing Revenue Bonds, Series 2012	$ 14,706,077	$ 14,909,981
Memory Care Building Note Payable	4,957,036	5,302,890
Paycheck Protection Program (PPP) Loan	2,122,000	-
Long-Term Debt, Gross	21,785,113	20,212,871
Add: Unamortized Premium	24,053	36,602
Less: Unamortized Debt Issuance Costs	(549,907)	(575,423)
Carrying Amount of Long-Term Debt	21,259,259	19,674,050
Less: Current Maturities	(576,077)	(549,981)
Long-Term Debt, Net	$ 20,683,182	$ 19,124,069

NOTE 6 LONG-TERM DEBT (CONTINUED)

Series 2012 Fixed Rate Revenue Bonds

On December 3, 2012, the Washington State Housing Finance Commission (the Commission) issued its $15,695,000 Nonprofit Housing Revenue and Refunding Revenue Bonds (Riverview Retirement Community Project), Series 2012 bonds. The proceeds of the Series 2012 bonds were used (1) to refund the Series 1997 bonds, (2) to finance and refinance capital improvements, (3) to fund a debt service reserve fund, (4) to pay capitalized interest on the Series 2012 bonds and (5) to pay the costs of issuing the Series 2012 bonds. The Series 2012 bonds were issued pursuant to a Master Trust Indenture agreement between the Commission and U.S. Bank N.A., as Bond Trustee.

These bonds were issued in two tranches: $2,060,000 of 5.00% term bonds due January 1, 2023 with a yield of 4.25% and $13,635,000 of 5.00% term bonds due January 1, 2048. Principal is payable annually on January 1, which commenced on January 1, 2014 and interest payments are made semi-annually on January 1 and July 1, which commenced on January 1, 2013. Pledged collateral includes gross receivables, equipment, and a deed of trust on the properties. Holders of the Series 2012 Bonds and Washington Trust Bank who financed the $6 million credit agreement hold parity collateral positions in the pledged collateral. The bond proceeds included a $125,495 premium that is amortized over 10 years.

Memory Care Building Note Payable

On October 6, 2017, the Corporation and Washington Trust Bank signed a $6,000,000 credit agreement to finance the construction of the memory care building. The note bears interest and is based on the regular five-year Federal Home Loan Bank Intermediate/Long Term, Fixed Advance rate (the FHLB Rate) as published by the Federal Home Loan Bank of Des Moines, plus a margin of two and one-quarter percent (2.25%). Interest rate was 4.50% as of December 31, 2020 and 2019. Principal is payable monthly through October 1, 2032.

The note included issuance costs of $127,085, which are amortized over the term of the note. Pledged collateral includes gross receivables, equipment, and a deed of trust on the properties. Holders of the Series 2012 Bonds and Washington Trust Bank who financed the $6 million credit agreement hold parity collateral positions in the pledged collateral.

Paycheck Protection Program (PPP) Loan

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act (also known as the CARES Act) to provide $2 trillion in economic stimulus. As part of the stimulus package, a Paycheck Protection Program (PPP) was established to provide $669 billion in small business loans. The loans are forgivable if an entity spends all of the funds on payroll, mortgage interest, rent and utilities in the eight weeks after receiving the loan, with at least 75% of the funds spent specifically on payroll.

On April 30, 2020 the Corporation received proceeds in the amount of $2,122,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan).

NOTE 6 LONG-TERM DEBT (CONTINUED)

Paycheck Protection Program (PPP) Loan (Continued)

On January 12, 2021, the Corporation filed for forgiveness of the PPP Loan with Washington Trust Bank and the Small Business Administration (SBA). As of April 29, 2021 the PPP Loan has not been forgiven.

Aggregate maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2021	$ 576,077
2022	2,724,201
2023	634,076
2024	661,201
2025	695,197
Thereafter	16,494,361
Total Maturities	$ 21,785,113

Interest expense consisted of the following for the years ended December 31:

	2020	2019
Interest Expense	$ 1,015,367	$ 1,040,819
Amortization - Bond Premium	(12,549)	(12,550)
Amortization - Debt Issuance Costs	25,517	25,517
Total Interest Expense	$ 1,028,335	$ 1,053,786

Restrictive Covenants

The bond and note payable agreements contain various covenants which, among other things, require the Corporation to maintain certain financial ratios. The Corporation obtained a Waiver and Consent from the bondholders in regards to the required December 31, 2020, debt service coverage ratio. Additionally, the bondholders have waived and provided consent for the Corporation to extend the debt limitations. The Corporation utilized the additional debt capacity to seek funding from the second draw of the PPP. On April 7, 2021, the Corporation received $1,500,000 of the second draw PPP Loan.

Line of Credit

During the year ended December 31, 2013, the Corporation obtained a $2,000,000 short-term line of credit with Washington Trust Bank which has been renewed annually since inception. The credit line is unsecured. On August 22, 2018, the line of credit was increased to $3,000,000. The maturity date is October 22, 2021. The variable interest rate on the line of credit was 3.25% and 4.75% at December 31, 2020 and 2019, respectively. The outstanding balance on the line at December 31, 2020 and 2019 was $-0-. Principal outstanding on this line of credit shall not exceed the lesser of $3,000,000 or the maximum nonparity indebtedness permitted in the Master Trust Indenture dated December 1, 2012 that relates to the Series 2012 Bonds.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	2020	2019
Oscar and Marie Peterson Memorial Fund	$ 249,259	$ 249,259
Innovia Foundation	10,000	10,000
Total Net Assets with Donor Restrictions	$ 259,259	$ 259,259

The Corporation's endowment consists of funds in the Oscar and Marie Peterson Memorial fund and Innovia Foundation. 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.

Net assets with donor restrictions are comprised of investments to be held in perpetuity, the income from which is unrestricted.

The Corporation 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 Corporation classifies as net assets with donor restrictions (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 permanently restricted net assets is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Corporation, in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund;
- Purpose of the Corporation and donor-restricted endowment fund;
- General economic conditions;
- Possible effects of inflation and deflation;
- Expected total return from income and the appreciation of investments;
- Other resources of the Corporation, and
- Investment policies of the Corporation.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowments by net assets class in total:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Assets - December 31, 2018	$ 140,525	$ 259,259	$ 399,784
Investment Return:			
Investment Income	9,888	-	9,888
Net Change in Value	59,874	-	59,874
Investment Fees	(8,463)	-	(8,463)
Total Investment Return	61,299	-	61,299
Cash Disbursements	(20,240)	-	(20,240)
Endowment Assets - December 31, 2019	181,584	259,259	440,843
Investment Return:			
Investment Income	7,944	-	7,944
Net Change in Value	36,800	-	36,800
Investment Fees	(7,957)	-	(7,957)
Total Investment Return	36,787	-	36,787
Cash Disbursements	(20,367)	-	(20,367)
Endowment Assets - December 31, 2020	$ 198,004	$ 259,259	$ 457,263

NOTE 8 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 assets value per share (or its equivalent) with the ability to redeem the investment in the near term.

NOTE 8 FINANCIAL INSTRUMENTS (CONTINUED)

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 statement of financial position at December 31, 2020 and 2019, 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. Cash and cash equivalents held by investment advisors are included in money market funds.

Investments: 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.

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at December 31:

	2020			
	Level 1	Level 2	Level 3	Total
Investment Accounts:				
Money Market Funds	$ 849,810	$ -	$ -	$ 849,810
Mutual Funds	3,656,390	-	-	3,656,390
Fixed Income Funds	3,516,849	-	-	3,516,849
Equity Funds	8,292,456	-	-	8,292,456
Total Investments	$ 16,315,505	$ -	$ -	$ 16,315,505

	2019			
	Level 1	Level 2	Level 3	Total
Investment Accounts:				
Money Market Funds	$ 167,591	$ -	$ -	$ 167,591
Mutual Funds	3,992,029	-	-	3,992,029
Fixed Income Funds	4,398,213	-	-	4,398,213
Equity Funds	5,628,383	-	-	5,628,383
Total Investments	$ 14,186,216	$ -	$ -	$ 14,186,216

NOTE 8 FINANCIAL INSTRUMENTS (CONTINUED)

The financial instruments are classified in the statement of financial position at December 31:

	2020	2019
Investments	$ 14,008,090	$ 11,775,402
Assets Limited or Restricted as to Use	2,307,415	2,410,814
Total	$ 16,315,505	$ 14,186,216

Investment income for the years ended December 31 consists of the following:

	2020	2019
Interest and Dividends	$ 298,038	$ 350,911
Realized Gains (Loss)	(110,994)	312,602
Unrealized Gain	1,493,733	1,354,926
Investment Fees	(66,714)	(67,067)
Total Investment Income	$ 1,614,063	$ 1,951,372

NOTE 9 RETIREMENT PLANS

Supplemental Executive Retirement Plan

The Corporation is a sponsor of a Supplemental Executive Retirement Plan (Plan). The Plan is a nonqualified employee pension benefit plan providing deferred compensation to a select group of management or highly-compensated employees. A participant in the Plan who has attained the age of 62 with a minimum of five years of “benefit service” and has 5 to 10 years employment at the Corporation is eligible for benefits from the Plan upon termination of employment. The Plan is administered by the Executive Committee of the Board of Directors. Contributions to the Plan are made at a rate of between 5% and 20% of the participant’s base compensation and specific percentages are determined annually by the Personnel Committee. Contributions to the Plan by the Corporation were $31,540 and $19,565, respectively, for the years ended December 31, 2020 and 2019. The assets of the Plan are included in Other Assets Limited or Restricted as to Use and the liabilities of the Plan are presented as Deferred Compensation Payable on the face of the statements of financial position as of December 31, 2020 and 2019.

Employee Retirement Plan

The Corporation maintains a 403(b) retirement plan for all eligible employees. Prior to January 1, 2017 the Corporation matched employee contributions up to 3% of the employee’s wage. Effective January 1, 2017 Riverview’s 403(b) plan was enhanced to meet safe harbor requirements. As such, Riverview matched 100% of the employee’s contribution up to 3% of the employee’s wage and 50% of contributions over 3% up to 5% of an employee’s wage. The employer match in the 403(b) plan vests immediately. For the years ended December 31, 2020 and 2019, the Corporation’s contributions to the plan were $145,816 and $140,304, respectively.

NOTE 10 RESIDENT SERVICE REVENUE

Resident service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing resident care. 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. Generally, the Corporation bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied. For the years ended December 31, 2020 and 2019, approximately 6% and 29%, respectively, of resident service revenue was derived under federal and state third-party reimbursement programs.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation 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 health care services or housing residents receiving services in the facility. The Corporation 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. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident’s life expectancy using a time-based measurement.

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

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Corporation 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 uninsured patients in accordance with the Corporation’s policy and/or implicit price concessions provided to residents. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)

The Corporation recognizes the majority of its revenues over a period of time from its payors based on fees for services performed. Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare

The licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. Effective October 1, 2019, the Medicare Reimbursement System underwent a significant change in methodology and implemented a Patient Driven Payment Model (PDPM). PDPM payment system operates similar to PPS in that patients are assigned standard rates of payment for their specific needs. Therapy services to residents not in a covered Part A stay remain the same.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Medicaid

The skilled nursing and assisted living facilities participate in the Medicaid program administered by the Washington State Department of Social and Health Services. The department sets prospective Medicaid payment rates for nursing facility services provided to medical care recipients. Nursing and assisted living facility rates are facility specific, meaning each facility receives an individual rate based on their costs. Each rate represents a nursing facility's maximum compensation for one resident day of care provided a medical care recipient determined by the department to both require and be eligible to receive nursing facility care. In setting rates, the department will use the greater of actual days from the cost report period on which the rate is based or days calculated at minimum occupancy. The average payment rate for the cost report year shall not exceed the contractor's average customary charges to the general public for the services covered by the payment rate for the same time period.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)

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 patient care.

These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue 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 are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2020 or 2019.

Generally residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation 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 reducing 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 years ended December 31, 2020 or 2019. 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 years ended December 31, 2020 and 2019.

The Corporation 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. Tables providing details of these factors are presented below.

The composition of service fees and health care revenue by service line for the years ended December 31 consisted of the following:

	2020	2019
Independent Living	$ 1,856,763	$ 1,655,865
Assisted Living	6,799,238	7,691,224
Care Center	1,574,598	9,680,700
Memory Care	2,045,048	1,273,820
Total Resident Service Revenue	$ 12,275,647	$ 20,301,609

NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)

The composition of service fees and health care revenue by primary payor for the years ended December 31 consisted of the following:

	2020	2019
Private Payors	$ 11,379,646	$ 13,782,862
Medicare	592,319	4,281,104
Medicaid	290,002	1,619,474
Managed Care	13,680	618,169
Total Resident Service Revenue	$ 12,275,647	$ 20,301,609

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

Financing Component

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

The Corporation 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 Corporation otherwise would have recognized is one year or less in duration.

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation 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 financial position of the Corporation.

COVID-19 Pandemic

During the fiscal year ended December 31, 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, businesses, and communities. Specific to the Corporation, COVID-19 may impact various parts of its fiscal 2021 operations and financial results.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19 Pandemic (Continued)

Management believes the Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 12 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 a square-footage or units-of-service basis. Allocated life plan services costs not allocated on a units-of-service basis are otherwise allocated based on revenue.

Functional expenses consisted of the following for the years ended December 31:

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	$ 6,908,247	$ 1,995,052	$ -	$ 8,903,299
Purchased Services	270,301	-	-	270,301
Supplies	478,006	24,581	-	502,587
Depreciation	2,450,064	816,688	-	3,266,752
Interest	976,918	51,417	-	1,028,335
Taxes and Insurance	503,916	26,523	-	530,439
Other	2,080,182	1,214,520	-	3,294,702
Total Expenses	$ 13,667,634	$ 4,128,781	$ -	$ 17,796,415

	2019			
	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	$ 11,188,618	$ 1,504,403	$ -	$ 12,693,021
Purchased Services	332,215	3,726	-	335,941
Supplies	477,462	46,789	-	524,251
Depreciation	2,307,620	750,410	-	3,058,030
Interest	1,001,097	52,689	-	1,053,786
Taxes and Insurance	438,957	22,977	-	461,934
Other	2,814,811	1,370,842	-	4,185,653
Total Expenses	$ 18,560,780	$ 3,751,836	$ -	$ 22,312,616

NOTE 13 HHS PROVIDER RELIEF FUNDS

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by the Corporation was $654,408. The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2020, the Corporation recognized the entire grant as HHS Provider Relief Funds revenue in the statement of activities and changes in net assets (deficit). Management believes the amounts have been recognized appropriately as of December 31, 2020.

NOTE 14 RIVERVIEW RESIDENT ASSISTANCE FOUNDATION (FOUNDATION)

The financial position of the Foundation consisted of the following at December 31:

	2020	2019
Investments	$ 248,893	$ 211,796
Total Assets	$ 248,893	$ 211,796
Net Assets	$ 248,893	$ 211,796

The activities of the Foundation consisted of the following for the years ended December 31:

	2020	2019
Contributions - Donors	$ 8,675	$ 22,131
Contributions - Matching from Riverview Retirement Community	8,675	22,131
Investment Income (Loss), Net	19,747	25,373
Change in Net Assets	37,097	69,635
Net Assets - Beginning of Year	211,796	142,161
Net Assets - End of Year	$ 248,893	$ 211,796