

# THE MCAULEY

PART OF THE MERCY COMMUNITY

## Narrative of Material Differences Between Proforma and Actual For the Fiscal Year Ending June 30, 2021

Effective June 30, 2014, Mercy Community Health and its Affiliates became part of Trinity Health. This consolidation resulted in the transition of several financial systems from the ones Mercy Community Health had been using to the enterprise systems used by Trinity Health.

The McAuley Center's actual performance for FY 2021 were favorable to the projected 2021 Proforma statements. The material differences for the FY 2021 period are:

- Due to an accounting change, pre-occupancy deposits that were previously reported as "prepaid expenses and other current assets" were reflected in 2021 actual expenses as "assets whose use is limited-non-current."
- Accounts payable and accrued expenses were higher than projected in the 2021 Proforma statements.
- The ongoing COVID-19 pandemic continues to impact operations at the McAuley Center:
  - Visitor restrictions impeded marketing tours and new resident move-ins. This lower occupancy translated into lower than anticipated revenue.
  - Repair and maintenance costs and professional conference costs were less than forecast due to pandemic restrictions.

See attached schedules for the details

