

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	136
[2]	Number at end of fiscal year	143
[3]	Total Lines 1 and 2	279
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	139.5
All Residents		
[6]	Number at beginning of fiscal year	216
[7]	Number at end of fiscal year	213
[8]	Total Lines 6 and 7	429
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	214.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.65

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) <u>\$12,890,727</u>
[a]	Depreciation <u>\$1,426,679</u>
[b]	Debt Service (Interest Only) <u>\$711,329</u>
[2]	Subtotal (add Line 1a and 1b) <u>\$2,138,008</u>
[3]	Subtract Line 2 from Line 1 and enter result. <u>\$10,752,719</u>
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) <u>65%</u>
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) <u>\$6,989,267</u>
[6]	Total Amount Due (multiply Line 5 by .001) <u>x .001</u> <u>\$6,989</u>

PROVIDER: Inland Christian Home, Inc.

COMMUNITY: Inland Christian Home, Inc.



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Ontario, CA 91762

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April 18, 2023

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 8-16-91
Sacramento, CA 95814

I, David Stienstra, certify that:

- The annual report and amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the Department.
- As of the date of this certification, Inland Christian Home, Inc. is maintaining the required liquid reserves and, if applicable, refund reserve.

Sincerely,

David Stienstra
Executive Director

"PROVIDING QUALITY, AFFORDABLE, INDIVIDUALIZED CARE IN A CHRISTIAN ENVIRONMENT"

INLAND CHRISTIAN HOME, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021

INLAND CHRISTIAN HOME, INC.

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Independent Auditor's Report

The Board of Directors
Inland Christian Home, Inc.
Ontario, California

Opinion

We have audited the accompanying financial statements of Inland Christian Home, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inland Christian Home, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inland Christian Home, Inc. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Inland Christian Home, Inc.'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 Inland Christian Home, Inc.'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.

Ontario, California
April 25, 2023

Genske, Mulder & Co., LLP

GENSKE, MULDER & CO., LLP
Certified Public Accountants

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,182,837	\$ 1,956,879
Investments	4,506,378	2,984,970
Accounts receivable, net of \$40,000 and \$39,943 allowance for doubtful accounts	2,266,275	944,184
Inventories	5,468	19,446
Prepaid expenses	90,680	56,770
Total current assets	8,051,638	5,962,249
PROPERTY AND EQUIPMENT, NET	20,167,921	18,972,580
OPERATING LEASE RIGHT-OF-USE ASSET, NET	23,382	31,399
DEPOSIT	119,864	-
RESTRICTED CASH AND CASH EQUIVALENTS:		
Restricted for projects	478,758	2,674,156
Restricted for debt	740,629	723,288
Restricted in escrow	-	779,085
Total restricted cash and cash equivalents	1,219,387	4,176,529
Total assets	\$ 29,582,192	\$ 29,142,757

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 530,060	\$ 348,896
Security deposits	28,500	32,500
Accrued expenses	383,335	416,948
Deferred revenue	74,892	55,528
Note payable	-	328,000
Current portion of bond payable	375,000	360,000
Current portion of operating lease liability	8,017	8,017
Current portion of annuity payable	-	42,900
Current portion of contract payable	11,633	31,473
Total current liabilities	1,411,437	1,624,262
LONG-TERM LIABILITIES:		
Bond payable, net	17,804,042	18,189,517
Operating lease liability, net of current portion	14,682	22,652
Annuity payable, net of current portion	-	180,180
Contract payable, net of current portion	-	11,628
Total long-term liabilities	17,818,724	18,403,977
NET ASSETS:		
Net assets without donor restrictions	10,194,360	8,965,780
Net assets with donor restrictions	157,671	148,738
Total net assets	10,352,031	9,114,518
Total liabilities and net assets	\$ 29,582,192	\$ 29,142,757

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and other support:		
Skilled nursing fees	\$ 6,985,226	\$ 5,380,973
Assisted living fees	1,249,570	1,039,793
Inland Haven fees	1,172,341	1,140,376
Apartment rents	2,160,923	2,184,521
Cottage rents	1,086,881	986,824
Foundation Fund donations	63,821	88,055
Meals sold	53,626	83,165
Contributions	1,439,958	376,069
Grant revenue	-	146,133
Other revenue - resident	84,404	81,997
Other revenue - non-resident	91,557	13,852
C.A.R.E. Fund discounts applied	(76,300)	(75,950)
Total revenues and other support	14,312,007	11,445,808
Net assets released from restrictions:		
Satisfaction of program restrictions	76,300	76,130
Total revenues and other support without donor restrictions	14,388,307	11,521,938
Functional expenses:		
Program services	10,313,400	9,401,479
Management and general	2,569,403	2,278,317
Fundraising	7,924	-
Total functional expenses	12,890,727	11,679,796
Income (loss) from operations	1,497,580	(157,858)
NON-OPERATING REVENUE (EXPENSES):		
Investment return, net of investment expenses	(470,630)	152,766
Annuity income (expense) recognized	201,630	(30,030)
Increase (decrease) in net assets without donor restrictions from operations	1,228,580	(35,122)
Net assets without donor restrictions, beginning of year	8,965,780	9,000,902
Net assets without donor restrictions, end of year	10,194,360	8,965,780
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions, Scholarship Fund	-	1,252
Contributions, C.A.R.E. Fund	85,233	75,418
Net assets released from restrictions	(76,300)	(76,130)
Increase in net assets with donor restrictions	8,933	540
Net assets with donor restrictions, beginning of year	148,738	148,198
Net assets with donor restrictions, end of year	157,671	148,738
Net assets, beginning of year	9,114,518	9,149,100
Total change in net assets	1,237,513	(34,582)
NET ASSETS, END OF YEAR	\$ 10,352,031	\$ 9,114,518

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services										Supporting Services				
	Skilled nursing	Assisted living	Inland Haven	Apartments	Cottages	Dietary	Plant operations and maintenance	Housekeeping	Therapy	Activities and social services	Laundry and linen	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES:															
Compensation	\$ 1,976,331	\$ 245,481	\$ 476,095	\$ 258,225	\$ 150,752	\$ 863,797	\$ 366,141	\$ 359,148	\$ 496,190	\$ 252,866	\$ 98,281	\$ 5,543,307	\$ 584,388	\$ -	\$ 6,127,695
Payroll taxes and employee benefits	327,967	113,188	78,499	14,277	5,593	63,557	78,499	74,272	23,270	38,304	16,417	833,843	126,310	-	960,153
Total compensation	2,304,298	358,669	554,594	272,502	156,345	927,354	444,640	433,420	519,460	291,170	114,698	6,377,150	710,698	-	7,087,848
Contract labor	353,856	5,321	54,416	-	-	-	16,409	-	6,532	-	-	436,534	-	-	436,534
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	19,282	-	19,282
Employee relations and seminars	4,709	115	1,245	-	-	613	-	-	-	-	-	6,682	41,654	-	48,336
Food and staples	-	-	-	-	-	219,380	-	-	-	-	-	219,380	-	-	219,380
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	236,538	-	236,538
Licenses	-	-	-	-	-	-	-	-	-	-	-	-	69,432	-	69,432
Linens	-	-	-	-	-	-	-	-	-	-	18,673	18,673	-	-	18,673
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	97,964	-	97,964
Office	-	-	-	-	-	-	-	-	-	-	-	-	414,454	-	414,454
Professional fees	-	-	-	-	-	10,132	-	-	7,254	8	-	17,394	105,106	-	122,500
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	7,814	-	7,814
Purchased services	9,620	2,611	1,270	-	-	86,326	182,608	843	2,371	116	26	285,791	22,986	-	308,777
Repairs and maintenance	-	-	-	-	-	-	68,906	-	-	-	8,711	77,617	-	-	77,617
State QA fees	-	-	-	-	-	-	-	-	-	-	-	-	6,600	-	6,600
Supplies	181,527	7,976	26,133	-	-	55,599	190,056	62,825	1,362	10,955	22,697	559,130	16,864	7,924	583,918
Travel	-	-	-	-	-	-	-	-	-	-	-	-	6,427	-	6,427
Utilities	-	-	-	-	-	-	580,161	-	-	-	-	580,161	49,196	-	629,357
Workers compensation insurance	110,347	41,434	47,202	2,909	3,152	24,757	20,841	21,358	13,182	17,268	5,759	308,209	2,624	-	310,833
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	50,435	-	50,435
Depreciation	260,742	159,254	139,446	727,144	140,093	-	-	-	-	-	-	1,426,679	-	-	1,426,679
Interest	-	-	-	-	-	-	-	-	-	-	-	-	711,329	-	711,329
Total	\$ 3,225,099	\$ 575,380	\$ 824,306	\$ 1,002,555	\$ 299,590	\$ 1,324,161	\$ 1,503,621	\$ 518,446	\$ 550,161	\$ 319,517	\$ 170,564	\$ 10,313,400	\$ 2,569,403	\$ 7,924	\$ 12,890,727

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services										Supporting Services				
	Skilled nursing	Assisted living	Inland Haven	Apartments	Cottages	Dietary	Plant operations and maintenance	Housekeeping	Therapy	Activities and social services	Laundry and linen	Total Program Services	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES:															
Compensation	\$ 2,050,988	\$ 287,590	\$ 419,152	\$ 297,828	\$ 120,220	\$ 778,809	\$ 341,677	\$ 336,800	\$ 126,596	\$ 258,567	\$ 90,044	\$ 5,108,271	\$ 587,840	\$ -	\$ 5,696,111
Payroll taxes and employee benefits	368,137	103,958	77,737	52,557	-	108,861	67,600	72,594	1,175	54,498	28,281	935,398	46,775	-	982,173
Total compensation	2,419,125	391,548	496,889	350,385	120,220	887,670	409,277	409,394	127,771	313,065	118,325	6,043,669	634,615	-	6,678,284
Contract labor	215,637	7,968	2,444	-	-	-	-	-	130,801	-	-	356,850	-	-	356,850
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	18,258	-	18,258
Employee relations and seminars	883	254	804	-	-	1,124	-	-	-	-	-	3,065	19,917	-	22,982
Food and staples	-	-	-	-	-	151,823	-	-	-	-	-	151,823	-	-	151,823
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	211,817	-	211,817
Licenses	-	-	-	-	-	-	-	-	-	-	-	-	67,315	-	67,315
Linens	-	-	-	-	-	-	-	-	-	-	13,813	13,813	-	-	13,813
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	74,553	-	74,553
Office	-	-	-	-	-	-	-	-	-	-	-	-	328,621	-	328,621
Professional fees	-	-	-	-	-	14,573	-	-	-	-	-	14,573	-	-	14,573
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	115	-	115
Purchased services	4,746	2,763	1,265	-	-	28,810	110,299	-	1,163	-	-	149,046	15,169	-	164,215
Repairs and maintenance	-	-	-	-	-	67,640	-	-	-	-	6,457	74,097	-	-	74,097
State QA fees	-	-	-	-	-	-	-	-	-	-	-	-	6,600	-	6,600
Supplies	174,115	4,413	19,737	-	-	72,100	129,135	41,663	743	14,185	16,015	472,106	11,193	-	483,299
Travel	-	-	-	-	-	-	-	-	-	-	-	-	1,119	-	1,119
Utilities	-	-	-	-	-	-	480,622	-	-	-	-	480,622	48,678	-	529,300
Workers compensation insurance	113,951	38,669	39,975	11,469	-	34,220	19,296	20,928	677	18,733	5,147	303,065	21,243	-	324,308
Bad debt	244,164	121,964	135,856	695,388	141,378	-	-	-	-	-	-	-	10,000	-	10,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	1,338,750	-	-	1,338,750
Interest	-	-	-	-	-	-	-	-	-	-	-	-	737,579	-	737,579
Total	\$ 3,172,621	\$ 567,579	\$ 696,970	\$ 1,057,242	\$ 261,598	\$ 1,190,320	\$ 1,216,269	\$ 471,985	\$ 261,155	\$ 345,983	\$ 159,757	\$ 9,401,479	\$ 2,278,317	\$ -	\$ 11,679,796

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from residents, programs, and insurance	\$ 11,395,364	\$ 10,503,789
Cash received from donors	1,281,691	537,134
Cash received from government grants	-	146,133
Cash received in interest and dividends	13,884	2,885
Cash paid to employees and suppliers	(10,703,667)	(9,630,439)
Cash paid for interest	<u>(723,004)</u>	<u>(743,553)</u>
Net cash provided by operating activities	1,264,268	815,949
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,614,002)	(2,317,074)
Purchase of investments	<u>(2,000,000)</u>	<u>(750,000)</u>
Net cash used in investing activities	(4,614,002)	(3,067,074)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bonds	(360,000)	(350,000)
Repayment of gift annuities	<u>(21,450)</u>	<u>(42,900)</u>
Net cash used in financing activities	<u>(381,450)</u>	<u>(392,900)</u>
Net decrease in cash, cash equivalents, and restricted cash	(3,731,184)	(2,644,025)
Cash, cash equivalents, and restricted cash beginning	<u>6,133,408</u>	<u>8,777,433</u>
Cash, cash equivalents, and restricted cash ending	\$ <u><u>2,402,224</u></u>	\$ <u><u>6,133,408</u></u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Note payable forgiven	\$ <u><u>328,000</u></u>	\$ <u><u>-</u></u>
Derecognition of annuity payable	\$ <u><u>201,630</u></u>	\$ <u><u>-</u></u>
Donated securities	\$ <u><u>3,555</u></u>	\$ <u><u>3,660</u></u>

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATIONS:		
Total change in net assets	\$ 1,237,513	\$ (34,582)
Adjustments to total change in net assets to net cash provided by operations:		
Depreciation	1,426,679	1,338,750
Unrealized (gain) loss on investments	553,579	(112,561)
Reinvested interest and dividends	(106,039)	(67,511)
Professional fees paid out of investment balance	34,606	26,752
Bad debt expense	50,435	10,000
Donated investments	(3,555)	(3,660)
(Gain) loss on annuity	(201,630)	-
Donation in the form of debt forgiveness	(328,000)	-
Amortization of loan fees	142,217	154,950
Amortization of bond premium	(152,692)	(159,765)
Change in assets and liabilities:		
Increase in accounts receivable	(1,372,526)	(212,561)
Decrease in inventory	13,978	8,154
Increase in prepaid expenses	(33,910)	(1,757)
Increase in deposit	(119,864)	-
Decrease in security deposits	(4,000)	(7,125)
Increase in accounts payable	181,164	34,053
Decrease in accrued expenses	(33,613)	(69,176)
Increase (decrease) in deferred revenue	19,364	(14,839)
Decrease in operating lease liability	(7,970)	(9,415)
Decrease in contract payable	(31,468)	(63,758)
	<u>\$ 1,264,268</u>	<u>\$ 815,949</u>
Net cash provided by operating activities	<u>\$ 1,264,268</u>	<u>\$ 815,949</u>

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. Nature of activities

Inland Christian Home, Inc. (the Organization) is a non-profit organization operating in San Bernardino County. The Organization provides skilled nursing care, assisted living including independent cottage and apartment care, and memory care facilities. Inland Christian Home, Inc. has been granted provision by the State of California to operate as a continuing care retirement community. This allows the organization to enter into continuing care contracts, which provide varying levels of care based on need. Residents under continuing care contracts as of December 31, 2022 and 2021 were 143 and 136, respectively.

2. Summary of significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial statement presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is also required to present a statement of cash flows.

Classification of net assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions, unless otherwise specifically required to be included in donor-restricted net assets by the donor or state law. The Organization does not interpret the guidance in the standard to include amounts restricted by Medicare, Medi-Cal, or federal government subsidies as net assets with donor restrictions. The Organization believes that these amounts do not meet the spirit of the standard for such a classification, nor is there any industry standard indicating that others will treat these assets as net assets with donor restrictions.

Revenue recognition

Under the provision of contracts with residents, the Organization enters into two types of contracts with residents: Contracts for services to persons who do not have a continuing care contract; and contracts for services provided to individuals under a continuing care contract. These contracts require residents to pay periodic monthly fees (resident fees) for services and the use of facilities. Resident fees are reported based on four streams of fees: skilled nursing, residential, memory care, and independent living (apartment and cottage rentals). Revenue is reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. Performance obligations are determined based on the nature of the services provided. Resident fee revenue is recognized monthly as services are provided and performance obligations are satisfied. The Organization recognizes resident fees revenue at the end of each month for the preceding month's resident charges. Resident payments are made monthly.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Fees for skilled nursing services and ancillary services (recorded in other revenue – residents) are billed in arrears. The Organization has agreements with the residents at established monthly rates. The Organization also has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Skilled nursing and ancillary revenues are reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered. Payment arrangements include prospectively determined rates per day, reimbursed costs, and discounted charges, and per diem payments. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates could change in the near term.

Cash and other assets received from donations are reported at fair value at the date of their receipt. These gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. In addition, from time to time, the Organization is identified as a beneficiary of various wills and trusts therefore contributions may be received. Such bequests are recorded when they are identified, generally at the distribution date.

Cash, cash equivalents, and restricted cash

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents limited for long-term purposes by donor-imposed restrictions are presented as restricted cash. The Organization, at times, in the ordinary course of business, maintains cash balances at financial institutions in excess of federally insured amounts. No losses are anticipated thereon. Cash and cash equivalents held by investment managers are classified as investments.

Total cash, cash equivalents, and restricted cash as of December 31 is as follows:

	2022	2021
Cash and cash equivalents	\$ 1,182,837	\$ 1,956,879
Restricted cash and cash equivalents	1,219,387	4,176,529
Total cash, cash equivalents, and restricted cash	\$ 2,402,224	\$ 6,133,408

As of December 31, 2022 and 2021, there was \$1,219,387 and \$3,397,445, respectively, of restricted cash and cash equivalents that are assets restricted under the bond indenture agreements. This cash is held by the Trustee and restricted for repayment of debt and interest obligations as well as use for capital investment projects. In addition to the assets restricted under bond indenture agreements, as of December 31, 2022 and 2021, \$0 and \$779,084, respectively, was in an escrow account restricted for the purchase of property that closed in January 2022. Restricted cash and cash equivalents consist of the following as of December 31:

	2022	2021
Revenue fund	\$ 15,113	\$ 297
Principal fund	61,697	60,000
Bond interest fund	119,614	120,500
Bond reserve fund	544,205	542,491
Project fund	478,758	2,674,156
In escrow	-	779,085
Total restricted cash and cash equivalents	\$ 1,219,387	\$ 4,176,529

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. Summary of significant accounting policies (continued)

Accounts receivable

The Organization reviews its accounts receivable periodically for collectability and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of past due accounts, including historical collection information and existing economic conditions. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization's valuation allowance as of the years ended December 31, 2022 and 2021 is \$40,000 and \$39,943, respectively.

Investments

Investments are reported at fair value in the statements of financial position and are based on quoted market prices. Net appreciation and depreciation in investments, including realized gains or losses and unrealized appreciation or depreciation on those investments, as well as all dividends interest, and other investment income, net of investment expenses, is reported in the statements of activities. Investment income, net of investment expenses is reported as an increase or decrease to net assets without donor restrictions.

Inventories

Inventories consist of expendable supplies and are stated at lower of cost and net realizable value using the first-in first-out method based on estimated quantities.

Property and equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed as incurred. Purchased property is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method of estimated useful lives as follows:

Buildings and improvements	10-40 years
Equipment and furniture	3-14 years
Vehicles	7 years

Construction in progress

As of December 31, 2022, the Organization had construction in progress of \$67,357 relating to various remodeling and upgrading projects, to be completed within the upcoming year with the estimated cost to complete these projects of \$500,000. The remaining \$199,254 included in construction in progress as of December 31, 2022 is related to long-range projects related to potential expansion. The Organization does not have an expected timeline or estimated dollar amount for completion on these long-range projects as they are contingent on future fundraising efforts.

As of December 31, 2021, the Organization had construction in progress of \$273,585 relating to various remodeling and upgrading projects and \$174,268 related to long-range projects. During the year ended December 31, 2022, the Organization completed the following projects in process as of December 31, 2021: land and building improvements to the property purchased in late December 2021 for \$67,593, remodel of the Mountain Apartments common area for \$317,957, and corridor and common area remodels for \$365,388.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. Summary of significant accounting policies (continued)

Deposit

The Organization provided a deposit for working capital in conjunction with the dining services contract entered into during 2022 (see Note 18). As the deposit remains with the dietary provider for the length of the service agreement (five years), it is reported as a noncurrent asset on the statement of financial position.

Lease

The right-of-use asset represents the Organization's right to use an underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from the lease. Lease assets and related liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term for leases with a term greater than 12 months. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the Organization will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Organization adopted Financial Accounting Standards Board (FASB) Topic 842, Leases, using the modified retrospective approach with December 31, 2020 as the date of initial adoption. As a result of adopting the new standard, the Organization recorded a right-of-use lease asset and lease liability which resulted in no impact on beginning retained earnings. Adoption of the new standard did not materially impact the Organization's change in net assets and had no impact on cash flows.

Fair value of financial instruments

The Organization's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and long-term debt. The recorded values of cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature. The recorded values of long-term debt approximate fair value and interest rates approximate market rates. Investments are recorded at fair value (see Note 6).

Income tax status

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The organization has been classified by the Internal Revenue Service as other than a private foundation.

Security deposits

The Organization required security deposits on apartments and cottages through the year ended December 31, 2015. Remaining deposits collected through that date will be returned to the resident upon termination of the lease or applied against future resident expenses.

Deferred revenue

Deferred revenue represents rent received from residents in advance of billing.

Contract payable

As of December 31, 2022 and 2021, less than five percent of the cottages and apartments were leased for a period of twelve years. The terms of the leases call for all rent for the period under lease to be paid at the beginning of the lease term. These prepaid amounts are amortized using the straight-line method over the life of the lease and may be refundable to the lessee subject to the cottage or apartment being leased to a new resident. The Organization no longer requires long-term leases to be paid in advance.

During the years ending December 31, 2022 and 2021, \$31,468 and \$63,758 of the lease income was recognized, respectively.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. Summary of significant accounting policies (continued)

Net patient service revenue

Net patient service revenue and accounts receivable from patients and third-party payers are reported at estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Contributions of cash

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Net assets with donor restrictions include those resources subject to donor-imposed restrictions. Net assets without donor restrictions include resources that are not restricted by donor-imposed restrictions and are available for operations of the Organization, without limitation, unless designated by the board of directors.

Contributed goods and services

Contributed goods and services that are measurable are valued at their estimated fair market value and are recorded in the statements of activities when received. The contributions are recorded as unrestricted support unless specific donor stipulations specify how the donated asset must be used. No amounts have been reflected in the financial statements for donated goods or services. The Organization generally pays for services requiring specific expertise. However, individuals may volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

Charity care

The Organization provides care without charge or at amounts less than established rates to patients who meet certain criteria under its charity care policy. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net revenue.

Records are maintained to identify and monitor the level of charity care provided. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and the estimated cost of these services and supplies. The value of charity care provided to patients during the years ended December 31, 2022 and 2021 was \$76,300 and \$75,950, respectively.

Obligation to provide future services

The California Health and Safety Code requires continuing care contract providers to establish and maintain statutory and refund reserve to assure financial resources will be available to fulfill contractual obligation to residents. A reserve fund escrow account is not required of the Organization. The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the years ended December 31, 2022 and 2021.

Functional allocation of expenses

Expenses are allocated on a functional basis among the various program and support services benefited. Expenses that can be identified with a specific program or support service are charge directly to that service. Expenses that are common to several services are allocated based on methods relevant to the function. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses are calculated on a square-footage basis or on estimates of time and resources, depending on the type of expense.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. Summary of significant accounting policies (continued)

Bond issuance costs

Costs associated with the issuance of the bond debt are presented as a reduction of the carrying amount of the bond debt. Amortization of bond issuance costs is reported as management and general expense on the statements of activities.

Bond discounts and premiums

Bond discounts or premiums arising from the sale of serial or term bonds are amortized using the effective interest rate method over the life of the bond issue.

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those reported estimates.

Reclassifications

Reclassification of prior year information was made to conform to current year presentation. There was no effect on prior year change in net assets.

Recent Accounting Update

On September 17, 2020, the FASB issued Accounting Standards Update (ASU) 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Organization adopted ASU 2020-07 during the year ended December 31, 2022 and was applied retrospectively. The adoption did not have a material impact on the Organization's statements of position, activities, or cash flows.

3. Accounts receivable

Accounts receivable consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Medicare	\$ 715,652	\$ 244,263
Medi-Cal	651,358	291,916
Commercial insurance	367,752	145,400
Private pay	390,400	88,435
Inland Christian Home Foundation	63,821	88,055
Other	117,292	126,058
Allowance for doubtful accounts	<u>(40,000)</u>	<u>(39,943)</u>
Total accounts receivable	<u>\$ 2,266,275</u>	<u>\$ 944,184</u>

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

4. Investments and net investment return

Investments consist of the following with total investments reflected in the statements of financial position as of December 31:

	2022	2021
Cash and cash equivalents	\$ 186,602	\$ 132,690
Exchange-traded funds (ETF) and securities	2,435,777	2,309,088
Corporate bonds	959,693	212,257
U.S. Government Agency bonds	924,306	330,935
Totals	\$ 4,506,378	\$ 2,984,970

Total investment return, net of investment expenses, for the years ended December 31, is comprised of the following:

	2022	2021
Interest and dividend income	\$ 125,578	\$ 70,396
Less investment expenses	(36,971)	(29,709)
	88,607	40,687
Unrealized gains (losses)	(559,237)	112,079
Investment return, net of investment expenses	\$ (470,630)	\$ 152,766

5. Liquidity and availability of financial assets

The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows as of December 31:

	2022	2021
Cash and cash equivalents	\$ 1,182,837	\$ 1,956,879
Investments	4,506,378	2,984,970
Accounts receivable	2,266,275	944,184
Totals	\$ 7,955,490	\$ 5,886,033

None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

As part of the Organization's liquidity management procedures, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a line of credit available to draw on if borrowing to cover obligations is needed.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

6. Fair value of financial instruments

FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, 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. An example of assets and liabilities utilizing Level 1 inputs is exchange-traded funds and securities.

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. Examples of assets and liabilities utilizing Level 2 inputs include corporate bonds and United States (U.S.) government-sponsored agency bonds.

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.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The fair value standard requires the assets and liabilities carried at fair value be classified and disclosed in one of the three levels. The Organization's investments are reported as Level 1 and Level 2 inputs within the fair value hierarchy, consisting of exchange-traded funds (ETF) and securities, corporate bonds, and U.S. government-sponsored bonds.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Exchange-traded equity funds (ETF) and securities — Investments are valued based on quoted market prices and are typically classified within Level 1. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics or discounted cash flows.

Corporate bonds — Bonds issued by corporations that on acquisition are rated BBB-/Baa3 or higher. These securities are generally priced by independent pricing services. The spreads are sourced from broker/dealers, trade prices and the new issue market. Where pricing is unavailable from pricing services, we obtain non-binding quotes from broker-dealers. As the significant inputs used to price corporate bonds are observable market inputs, the fair values of corporate bonds are included in the Level 2 fair value hierarchy.

U.S. government-sponsored agencies — Bonds issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal National Mortgage Association, and Federal Farm Credit Bank. The fair values of U.S. agency bonds are determined using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. agency bonds are included in the Level 2 fair value hierarchy.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

6. Fair value of financial instruments (continued)

Investments reported at fair value consists of the following as of December 31, 2022:

	2022		
	Level 1 Fair Value	Level 2 Fair Value	Total
Cash and cash equivalents	\$ 186,602	\$ -	\$ 186,602
Exchange-traded funds (ETF) and securities	2,435,777	-	2,435,777
Corporate bonds	-	959,693	959,693
U.S. Government Agency bonds	-	924,306	924,306
 Total investments	 \$ 2,622,379	 \$ 1,883,999	 \$ 4,506,378

Investments reported at fair value consists of the following as of December 31, 2021:

	2021		
	Level 1 Fair Value	Level 2 Fair Value	Total
Cash and cash equivalents	\$ 132,690	\$ -	\$ 132,690
Exchange-traded funds (ETF) and securities	2,309,088	-	2,309,088
Corporate bonds	-	212,257	212,257
U.S. Government Agency bonds	-	330,935	330,935
 Total investments	 \$ 2,441,778	 \$ 543,192	 \$ 2,984,970

7. Property and equipment

Property and equipment consist of the following as of December 31:

	2022	2021
Buildings and improvements	\$ 27,881,822	\$ 27,528,719
Equipment and furniture	9,950,998	8,267,007
Vehicles	186,096	186,096
Depreciable assets	38,018,916	35,981,822
Less accumulated depreciation	19,931,814	18,648,034
Depreciable assets, net	18,087,102	17,333,788
Land	1,814,208	1,190,939
Construction in progress	266,611	447,853
Property and equipment, net	\$ 20,167,921	\$ 18,972,580

8. Line of credit

The Organization has a \$750,000 line of credit with Citizens Business Bank. The line is unsecured, bears interest at the Prime Rate plus 0.75 percentage points (8.25% at December 31, 2022) and matures on December 20, 2023. As of December 31, 2022 and 2021, there was no borrowings or repayments and no balance outstanding on the line.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

9. Note payable

During the year ended December 31, 2021, the Organization had a \$328,000 unsecured note payable to a survivor's trust (private party) which was due on demand after September 22, 2021. Per the terms of the note, the Organization made interest-only payments at an average interest rate of 2.00%. During 2021, the survivor became deceased, and in 2022, the Organization received notification from the trustees that all principal and accrued interest on the note was forgiven. The forgiveness is recorded as a contribution during the year ended December 31, 2022.

10. Annuity payable

During the years ended December 31, 2022 and 2021, the Organization administered a gift annuity agreement under which the donor is paid designated annual sums, typically paid quarterly, until death. The donor passed away in 2022, and as a result, the agreement terminated with the estimated remaining obligation recorded by the Organization as a liability recognized as non-operating revenue during the year ended December 31, 2022. The total amounts gifted by donor as of December 31, 2022 and 2021 was \$650,000. During the years ended December 31, 2022 and 2021, the Organization paid the donor \$21,450 and \$42,900, respectively. The cumulative payments by the Organization to the donor totaled \$665,308 and \$643,858, as of December 31, 2022 and 2021, respectively.

11. Bonds payable

The Organization issued the Inland Christian Home, Series 2020 Revenue Bonds that are Insured by the California Municipal Finance Authority (the Authority). The bonds are special obligations of the Authority and are payable from the revenue and special funds of the applicable indentures. The Indentures are between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Authority will loan the proceeds of the bonds to the Organization, which will be evidenced by a Loan Agreement, dated as of April 1, 2020 (the "Loan Agreement"), between the Authority and the Organization. The bonds do not constitute debt and are not guaranteed by the Authority or any other program of the Authority. All revenue bond projects financed to date have been issued by the Authority as standalone pass-through financings with no direct economic recourse to the Authority as the issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par via principal and interest on the Bonds. These Bonds will be additionally secured by funds deposited to the credit of the Bond Reserve Account established under the Indenture, the security interest in Gross Revenues of the Organization, and the Gross Revenue Fund granted in the Loan Agreement. All outstanding Term bonds are subject to redemption at the option of the Authority or the borrower, in whole, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. There is no redemption premium on these bonds. Under the bond Programs, this option generally cannot be exercised until the bonds have been outstanding for ten years or as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bonds issued by the Organization will be used, together with other available funds, to:

- (i) Finance a portion of the costs of acquisition, construction, improvement and equipping of certain residential living, assisted living and skilled nursing components of the Community, all owned and operated and to be owned and operated by the Organization (the "Project");
- (ii) Prepaying and retiring all or a portion of certain bank loans and private notes (the "Prior Loans" and "Prior Notes," respectively), the proceeds of which were used to finance and refinance the acquisition, construction, improvement and equipping of certain residential living, assisted living and skilled nursing components of the Community;
- (iii) Fund a bond reserve account for the benefit of the Bonds;
- (iv) Pay an insurance premium and related fees to the Office of Statewide Health Planning and Development of the State of California (the "Office"); and
- (v) Pay costs of issuance of the Bonds.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

11. Bonds payable (continued)

The following is a summary of the bond and debt activity for the year ended December 31, 2022 and the debt outstanding and loans, bonds payable as of December 31, 2022:

<u>Bond name</u>	<u>Interest Rate</u>	<u>Premiums</u>	<u>Premium Amortization</u>	<u>Par value</u>	<u>Bonds payable</u>
Term Bond due December 1, 2030	4.00%	\$ 543,967	\$ (105,200)	\$ 3,465,000	\$ 3,903,767
Term Bond due December 1, 2039	4.00%	549,059	(31,620)	5,450,000	5,967,439
Term Bond due December 1, 2049	4.00%	694,990	(19,408)	8,800,000	9,475,582
Total		<u>\$ 1,788,016</u>	<u>\$ (156,228)</u>	<u>\$ 17,715,000</u>	19,346,788
Less bond issuance cost, net of \$393,291 amortization					<u>(1,167,746)</u>
Bonds payable					18,179,042
Less current portion of bonds payable					<u>(375,000)</u>
Bonds payable, net					<u>\$ 17,804,042</u>

The following is a summary of the bond and debt activity for the year ended December 31, 2021 and the debt outstanding and loans, bonds payable as of December 31, 2021:

<u>Bond name</u>	<u>Interest Rate</u>	<u>Premiums</u>	<u>Premium Amortization</u>	<u>Par value</u>	<u>Bonds payable</u>
Term Bond due December 1, 2030	4.00%	\$ 649,168	\$ (110,346)	\$ 3,825,000	\$ 4,363,822
Term Bond due December 1, 2039	4.00%	580,679	(30,668)	5,450,000	6,000,011
Term Bond due December 1, 2049	4.00%	714,398	(18,751)	8,800,000	9,495,647
Total		<u>\$ 1,944,245</u>	<u>\$ (159,765)</u>	<u>\$ 18,075,000</u>	19,859,480
Less bond issuance cost, net of \$251,074 amortization					<u>(1,309,963)</u>
Bonds payable					18,549,517
Less current portion of bonds payable					<u>(360,000)</u>
Bonds payable, net					<u>\$ 18,189,517</u>

Future scheduled maturities of bonds payable are as follows for each of the next five years ending December 31:

	<u>Bond payable</u>	<u>Premium Amortization</u>	<u>Issuance Cost Amortization</u>	<u>Total</u>
2023	\$ 375,000	\$ 145,931	\$ (131,131)	\$ 389,800
2024	390,000	138,079	(119,491)	408,588
2025	405,000	129,745	(108,477)	426,268
2026	425,000	120,926	(98,128)	447,798
2027	440,000	111,475	(88,482)	462,993
Thereafter	<u>15,680,000</u>	<u>985,632</u>	<u>(622,037)</u>	<u>16,043,595</u>
Totals	<u>\$ 17,715,000</u>	<u>\$ 1,631,788</u>	<u>\$ (1,167,746)</u>	<u>\$ 18,179,042</u>

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

12. Lease

The Organization leases office equipment under an operating lease with a lease term of five years.

The following is a summary of the lease line items in the statements of financial position as of December 31:

	2022	2021
Operating lease right-of-use asset	\$ 23,382	\$ 31,399
Total lease assets	\$ 23,382	\$ 31,399
Current portion of operating lease liability	\$ 8,017	\$ 8,017
Operating lease liability	14,682	22,652
Total lease liabilities	\$ 22,699	\$ 30,669

Future lease liability payments for each of the next three years ending December 31 are as follows:

		Operating Lease
2023	\$	8,017
2024		8,017
2025		6,665
Total	\$	22,699

The weighted average remaining lease term is 2.9 years and amortization included in depreciation expense in the statements of activities was \$8,017 for both of the years ended December 31, 2022 and 2021.

13. Changes in Net Assets With Donor Restrictions

The net assets with donor restrictions released during the years ending December 31, 2022 and 2021 were utilized as follows:

	2022	2021
Purpose restrictions accomplished:		
C.A.R.E. fund expenses	\$ 76,300	\$ 75,950
Scholarship fund expenses	-	180
Total	\$ 76,300	\$ 76,130

The balance of net assets with donor restrictions were as follows as of December 31:

	2022	2021
Held for the purpose of:		
C.A.R.E. fund	\$ 150,448	\$ 141,515
Scholarship fund	7,223	7,223
Total	\$ 157,671	\$ 148,738

As of December 31, 2022 and 2021, \$44,800 of the balance of net assets without donor restrictions was specifically restricted by the board for the purpose of the C.A.R.E. fund.

The C.A.R.E. fund is utilized to provide board-designated discounts on care provided to residents with financial hardships who are deemed to not have the wherewithal to pay in full.

As the purpose restrictions were fully accomplished during the years, there were no additional net assets with donor restrictions as of each of the years ended December 31, 2022 and 2021.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

14. Employee benefit plan

The Organization offers a tax-deferred annuity program under Internal Revenue Code Section 403(b). The voluntary program allows participants to contribute a percentage of salary to be placed in the individuals' specific accounts. After one year of employment, the Organization matches participant contributions up to 3% of the participants' eligible wages. After seven years of employment, the Organization matches up to 5% of the participants' eligible wages. For the years ended December 31, 2022 and 2021, the Organization contributed \$101,791 and \$121,322, respectively.

15. Professional liability insurance

The Organization is insured for professional liability claims under an occurrence-based policy. The policy provides \$1,000,000 maximum coverage per incident with a \$3,000,000 aggregate limit and a \$5,000,000 umbrella. Insurance premiums were \$200,427 and \$178,372 for the years ended December 31, 2022 and 2021, respectively.

16. Deferred gift

The Organization was a 10% beneficiary of a 75% undivided interest in real property held by an irrevocable charitable remainder trust. Collection was dependent on sale of the 36.95 acres of land held within the trust. As of December 31, 2021, the land was in escrow with a potential buyer for a price of \$330,000 per acre. Escrow did close in 2022, resulting in a distribution donation of \$684,720 to the Organization. The Organization believes that no additional benefit is expected to be received.

17. Grant revenue

During the years ended December 31, 2022 and 2021, the Organization received grant funds from the CARES Act Provider Relief Fund totaling \$0 and \$146,133. This grant provides funding for financial losses and changes in operating expenses caused by the coronavirus.

18. Commitments and contingencies

Dining services

During the year ended December 31, 2022, the Organization entered into a dining service agreement with Unidine Corporation ("Unidine") for dining services for the Organization's resident care facility. Unidine will provide resident and non-resident food and dining services for which they invoice the dining services costs, which include food costs, compensation, direct costs, and other charges and expenses. At the beginning of each month, Unidine submits an invoice for the Organization's estimated dining services costs and a true-up invoice is sent within ten calendar days of the end of the month. The dining services agreement is for a five-year initial term, expiring August 15, 2027, and automatically renews for additional one-year terms unless written notice of intent not to renew is provided by either party to the other not less than 60 calendar days prior to the expiration of the then-current term.

During the year ended December 31, 2022, the organization paid \$700,073 to Unidine for dining services.

Third-party payers for residents without a continuing care contract

Amounts received or receivable from third-party payers are subject to review by the third-party payers. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, which may be disallowed by third-party payers is not determinable. No valuation allowance for estimated adjustments was determined necessary for the years ended December 31, 2022 and 2021.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

18. Commitments and contingencies (continued)

Unemployment insurance

The Organization is self-insured for unemployment insurance. Each quarter, the State of California invoices the Organization for its estimated share of state unemployment liability based on experience. The Organization records the expense when incurred.

Continuing care contracts

The Organization has entered into continuing care contracts with the residents upon admission into its independent living facilities, the Cottages and the Apartments. The continuing care contract remains in effect if these residents moves to various levels of care. Under the provision of these contracts, residents are required to pay periodic monthly fees (resident fees) for services and the use of facilities. The resident fees are subject to adjustment for changes in operating costs or other economic reasons. According to the continuing care contracts, future services will be billed to the resident at current standard rates at the time the service is provided. Therefore, the Organization has determined that there is no liability related to future services.

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization, continuing care, and fee for service-continuing care-repayment option.

COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Organization's management has been closely monitoring the impact of COVID-19 on the Organization's operations, including the impact on its residents and employees. The duration and intensity of the pandemic is uncertain but may influence resident decisions, donor decisions, and may affect the collections of the Organization's receivables. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the upcoming fiscal year ending December 31, 2022.

Current economic conditions

Due to the current regulatory environment and economic uncertainties, it is possible the values of assets and liabilities recorded in the statements of financial position could change rapidly, resulting in material future adjustments.

Investments

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with the certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

19. **Concentrations of risk and disaggregation of revenue**

The Organization maintains cash deposits at multiple financial institution. At times, the deposits may exceed the amount covered by the Federal Depository Insurance Corporation. Management does not anticipate any losses based on this risk.

A substantial portion of the Organization's skilled nursing revenue and accounts receivable is from federal Medicare and state Medi-Cal programs. Medicare revenue for the years ending December 31, 2022 and 2021 was \$3,029,866 and \$742,352, respectively. Medi-Cal revenue for the years ending December 31, 2022 and 2021 was \$2,743,385 and \$3,452,257, respectively. Reimbursement is based on a standard fee schedule established by Medi-Cal for each type of service. Contracts may have also be signed with health maintenance organizations and insurance companies to provide service rates that are lower than the standard rates.

Included in accounts receivable as of December 31, 2022 and 2021 for Medicare was \$715,652 and \$244,263, respectively. Included in accounts receivable as of December 31, 2022 and 2021 for Medi-Cal was \$651,358 and \$291,916, respectively.

Following is the percentage of skilled nursing revenue, total revenue, and accounts receivable that the Medicare and Medi-Cal programs represent for each of the years ending December 31:

	<u>2022</u>	<u>2021</u>
Medicare		
Skilled nursing revenue	43.4%	13.8%
Total revenue	23.6%	6.8%
Total accounts receivable	31.0%	24.8%
Medi-Cal		
Skilled nursing revenue	39.3%	64.2%
Total revenue	21.3%	31.4%
Total accounts receivable	28.2%	29.7%

20. **Related party transactions**

Inland Christian Home Foundation raises, holds, and invests certain endowment and other funds in trust on behalf of the Organization. For the years ended December 31, 2022 and 2021, the Inland Christian Home Foundation donated \$63,821 and \$88,055, respectively. These balances were included in accounts receivable at each of the respective year ends.

21. **Subsequent events**

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

Management has evaluated subsequent events through April 25, 2023, the date on which the financial statements were available to be issued.

INLAND CHRISTIAN HOME, INC.

**STATE OF CALIFORNIA
CONTINUING CARE RESERVE REPORT**

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

INLAND CHRISTIAN HOME, INC.

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TEL: 909-483-2100 | FAX: 909-483-2109
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Independent Auditor's Report

Board of Directors
Inland Christian Home, Inc.

Opinion

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 of Inland Christian Home, Inc. (a non-profit organization) as of and for the year ended December 31, 2022.

In our opinion, the continuing care reserve report Forms 5-1 through 5-5 present fairly, in all material respects, the liquid reserve requirements of Inland Christian Home, Inc. as of December 31, 2022, in conformity with the report preparation provisions of California Health and Safety Code Section 1792.

Basis for Opinion

Our responsibility is to express an opinion on the continuing care reserve report Forms 5-1 through 5-5 based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report.

Management's Responsibility for the Continuing Care Reserve Report

Management is responsible for the preparation and fair presentation of the continuing care reserve report Forms 5-1 through 5-5 in accordance with the reporting provisions of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the continuing care reserve report Forms 5-1 through 5-5 that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the continuing care reserve report Forms 5-1 through 5-5 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 continuing care reserve report Forms 5-1 through 5-5.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the continuing care reserve reports Forms 5-1 through 5-5, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement, and include examining, on a test basis, evidence regarding the amounts and disclosures in the continuing care reserve report Forms 5-1 through 5-5.
- 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 Inland Christian Home'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 continuing care reserve reports Forms 5-1 through 5-5.

Basis of Accounting

The continuing care reserve report is prepared for the purpose of complying with the California Health and Safety Code Section 1792 and is not intended to be a complete presentation of Inland Christian Home, Inc.'s assets, liabilities, revenues and expenses and as such is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Restriction on Use

Our report is intended solely for the information and use of the board of directors and management of Inland Christian Home, Inc. and the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Ontario, California
April 25, 2023

Genske, Mulder & Co., LLP

GENSKE, MULDER & CO., LLP
Certified Public Accountants

INLAND CHRISTIAN HOME, INC.
FORM 5-1, LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
INCLUDING BALLOON DEBT
For The Year Ended December 31, 2022

FORM 5-1					
LONG-TERM DEBT INCURRED					
IN A PRIOR FISCAL YEAR					
(Including Balloon Debt)					
Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid In Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	12/22/2006	\$ 21,450	-		\$ 21,450
2	4/27/2020	360,000	723,004		1,083,004
3		-			
4					
5					
6					
7					
8					
TOTAL:		\$ 381,450	\$ 723,004	\$ -	\$ 1,104,454

(Transfer this amount to Form 5-3, Line 1)

Note: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: INLAND CHRISTIAN HOME, INC.

FORM 5-1

INLAND CHRISTIAN HOME, INC.
FORM 5-2, LONG-TERM DEBT INCURRED DURING FISCAL YEAR
INCLUDING BALLOON DEBT
For The Year Ended December 31, 2022

FORM 5-2					
LONG-TERM DEBT INCURRED					
DURING FISCAL YEAR					
(Including Balloon Debt)					
	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
Long-Term Debt Obligation					
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$ -	\$ -	-	\$ -

(Transfer this amount to Form 5-3, Line 2)

Note: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: INLAND CHRISTIAN HOME, INC.

FORM 5-2

INLAND CHRISTIAN HOME, INC.
FORM 5-3, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
For The Year Ended December 31, 2022

FORM 5-3	
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT	
LINE	TOTAL
1	Total from Form 5-1 bottom of Column (e) \$ 1,104,454
2	Total from Form 5-2 bottom of Column (e) -
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance) -
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE: \$ 1,104,454
PROVIDER: INLAND CHRISTIAN HOME, INC.	
FORM 5-3	

INLAND CHRISTIAN HOME, INC.
FORM 5-4, CALCULATION OF NET OPERATING EXPENSES
For The Year Ended December 31, 2022

LINE	AMOUNTS	TOTAL
FORM 5-4		
CALCULATION OF NET OPERATING EXPENSES		
1	Total operating expenses from financial statements	\$ 12,890,727
2	Deductions	
a	Interest paid on long-term debt	\$ 723,004
b	Credit enhancement premiums paid for long-term debt	-
c	Depreciation	1,426,679
d	Amortization	-
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	7,212,011
f	Extraordinary expenses approved by the Department	-
3	Total Deductions	9,361,694
4	Net Operating Expenses	3,529,033
5	Divide Line 4 by 365 and enter the result.	9,669
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$ 725,175
PROVIDER: INLAND CHRISTIAN HOME, INC.		
		FORM 5-4

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: INLAND CHRISTIAN HOME, INC.
Fiscal Year Ended: 12/31/22

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/22, and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

		<u>Amount</u>	
[1]	Debt Service Reserve Amount	\$ 1,104,454	
[2]	Operating Expense Reserve Amount	725,175	
[3]	Total Liquid Reserve Amount	\$ 1,829,629	

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ 357,662	\$ 825,175
[5] Investment Securities	4,506,378	
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	740,629	Not Applicable
[10] Other: _____		

(describe qualifying asset)

Total Amount of Qualifying Assets Listed for Liquid Reserve:

[11] 5,604,669 [12] 825,175

Total Amount Required:

[13] 1,104,454 [14] 725,175

Surplus / (Deficiency):

[15] \$ 4,500,215 [16] \$ 100,000

Signature: _____

Date: _____

(Authorized Representative)

Executive Director

(Title)

FORM 5-5

SUPPLEMENTARY INFORMATION

INLAND CHRISTIAN HOME, INC.
Attachment to Forms 5-1
Reconciliation of Principal Paid
For The Year Ended December 31, 2022

Audited Statements of Cash Flows:	
2022 Repayment of bonds	\$ 360,000
2022 Repayment of gift annuities	21,450
Total repayment from financing activities during fiscal year	<u>\$ 381,450</u>
Total principal paid during fiscal year per Form 5-1, Part (b)	<u>\$ 381,450</u>
Total principal paid during fiscal year	<u>\$ 381,450</u>

INLAND CHRISTIAN HOME, INC.
Attachment to Forms 5-4
Reconciliation of Revenues Received During the Year
For Services to Persons Who Did Not Have a Continuing Care Contract
For The Year Ended December 31, 2022

Audited Statements of Cash Flows:	
Cash received from residents, programs and insurance	\$ 11,395,364
Reconciliation of revenues received for services:	
Revenues received for services provided to individuals who did not have a continuing care contract per Form 5-4, Line 2 (e)	\$ 7,212,011
Revenues received for services provided to individuals under a continuing care contract	4,183,353
Revenues received for services	\$ 11,395,364

INLAND CHRISTIAN HOME, INC.
Attachment to Form 5-5
Reconciliation of Operating and Debt Service Reserves
For The Year Ended December 31, 2022

Total Cash and Investments per Audited Statement of Financial Position:	
Cash and cash equivalents	\$ 1,182,837
Investments	4,506,378
Restricted cash and cash equivalents	1,219,387
Less: restricted cash unavailable for debt service	(478,758)
Total cash and investments	\$ 6,429,844
Qualifying Assets per Form 5-5:	
Debt Service Reserve (Line 11)	\$ 5,604,669
Operating Reserve (Line 12)	825,175
Total qualifying assets	\$ 6,429,844
Per Capita Cost of Operations:	
Operating Expenses (Form 5-4, Line 1)	\$ 12,890,727
Mean # of All Residents (Form 1-1, Line 10)	214.5
Per Capita Cost of Operations	\$ 60,097

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 4/20/23

FACILITY NAME: Inland Christian Home, Inc.
 ADDRESS: 1950 S. Mountain Avenue, Ontario, CA ZIP CODE: 91762 PHONE: 909-983-0084
 PROVIDER NAME: Inland Christian Home, Inc. FACILITY OPERATOR: Inland Christian Home, Inc.
 RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: Christian Reformed, United Reformed, Reformed Church of America
 YEAR OPENED: 1978 # OF ACRES: 12 SINGLE MULTI- MILES TO SHOPPING CTR: 1
 STORY STORY OTHER: Multiple buildings from 1 to 3 stories MILES TO HOSPITAL: 3

NUMBER OF UNITS:

RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO: <u>2</u>	ASSISTED LIVING: <u>31</u>
APARTMENTS — 1 BDRM: <u>16</u>	SKILLED NURSING: <u>59</u>
APARTMENTS — 2 BDRM: <u>53</u>	SPECIAL CARE: <u>20</u>
COTTAGES/HOUSES: <u>41</u>	DESCRIPTION: > <u>Memory Care</u>
RLU OCCUPANCY (%) AT YEAR END: <u>93%</u>	> _____

TYPE OF OWNERSHIP: NOT-FOR-PROFIT FOR-PROFIT ACCREDITED?: YES NO BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
 (Check all that apply) ASSIGNMENT OF ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS: (Check all that apply) 90% 75% 50% FULLY AMORTIZED OTHER: N/A

RANGE OF ENTRANCE FEES: \$0 - \$0 **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: No

ENTRY REQUIREMENTS: MIN. AGE: 65 PRIOR PROFESSION: None OTHER: None

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): >
 One resident is elected to serve as a voting member of
 > the Board of Directors and one resident is elected to serve as a non-voting resident representative to the Board of Directors.

FACILITY SERVICES AND AMENITIES					
<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (2__TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (3__ /DAY)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Inland Christian Home, Inc.

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

None

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

None

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

None

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

None

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	\$11,379,849	\$10,904,100	\$10,912,221	\$12,893,461
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	(9,717,275)	(10,042,810)	(9,603,467)	(10,752,719)
NET INCOME FROM OPERATIONS	1,662,574	\$861,290	\$1,308,754	\$2,140,742
LESS INTEREST EXPENSE	(504,927)	(657,419)	(737,579)	(711,329)
PLUS CONTRIBUTIONS	985,077	2,444,126	610,257	1,503,779
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	(19,741)	(223,498)	122,736	(269,000)
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$2,122,983	\$2,424,499	\$1,304,168	\$2,664,192
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	\$0	\$0	\$0	\$0

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
Bond Holders (2020 Revenue Bonds)	\$17,715,000	4.00%	April 27, 2020	December 1, 2049	30 years

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2019 CCAC Medians 50th Percentile</u> <i>(optional)</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>
DEBT TO ASSET RATIO		63.3%	61.3%	60.2%
OPERATING RATIO		99.2%	95.3%	89.1%
DEBT SERVICE COVERAGE RATIO		3.6	1.7	3.0
DAYS CASH ON HAND RATIO		165	169	177

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2019</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>2021</u>	<u>%</u>	<u>2022</u>	<u>%</u>
STUDIO	\$1,730	3.1	\$1,770	2.3	\$2,025	14.7	\$2,145	5.9
ONE BEDROOM	\$2,130	3.2	\$2,175	2.1	\$2,430	12.0	\$2,585	6.4
TWO BEDROOM	\$2,635	3.1	\$2,700	2.5	\$2,980	10.6	\$3,155	5.9
COTTAGE/HOUSE	\$1,941	3.0	\$1,989	2.5	\$2,245	13.2	\$2,380	6.0
ASSISTED LIVING	\$105/day	3.1	\$108/day	2.9	\$111/day	2.9	\$117/day	5.4
SKILLED NURSING	\$280/day	3.1	\$290/day	3.6	\$298/day	2.9	\$328/day	10.1
SPECIAL CARE	\$150/day	2.9	\$156/day	4.0	\$160/day	2.7	\$169/day	5.6

COMMENTS FROM PROVIDER: > For 2021, the rate structure for Independent Living units was changed to include additional services, resulting in > a significant increase in rates. Residents who had moved in prior to 2021 have grandfathered rate increases each year. In 2022, the Skilled Nursing > units had a significant increase in rates due to the increase in hourly rates paid to nursing staff in order to maintain full staffing.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{ Depreciation Expense} \\ - \text{ Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{ Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{ Interest, Depreciation, and Amortization Expenses} \\ \text{Amortization of Deferred Revenue} + \text{ Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{ Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	\$2,145 to \$3,205	\$117/day (Base rate)	\$328/day
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.9% to 6.4%	5.4%	10.1%

Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2022
(If more than one (1) increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. **Date of Notice:** November 1, 2021 **Method of Notice:** United States Postal Service
- At least 30 days prior to the increase in fees, the designated representative of the provider convened a meeting that all residents were invited to attend. **Date of Meeting:** November 16, 2021
- At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** November 2, 2021
- The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting. **Date of Posting:** November 2, 2021 **Location of Posting:** Bulletin boards and in-house television

[5] On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code. See **PART 7 REPORT ON CCRC MONTHLY CARE FEE** in the **Annual Report Instruction** booklet for further instructions.

PROVIDER: Inland Christian Home, Inc.
COMMUNITY: Inland Christian Home, Inc.

INLAND CHRISTIAN HOME, INC.
Form 7-1 Attachment
Monthly Care Fee Increase (MCFI)
For the Year Ended December 31, 2022

Line	Fiscal Years	2020	2021	2022
1	F/Y 2020 Operating Expenses	\$ (11,960,286)		
2	F/Y 2021 Operating Expenses		\$ (11,679,796)	
3	Projected F/Y 2022 Operating Expenses as Budgeted			\$ (12,204,183)
4	F/Y 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ 11,544,280
5	Projected F/Y 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)**			\$ (659,903)
6	Projected FY/ 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5.4% to 10.1%**			\$ 12,204,184
7	Grand Total - Projected FY 2022 Net Operating Activity After 5.4% to 10.1% MCFI (Line 3 plus Line 6)			\$ 1

Monthly Care Fee Increase: 5.4% to 10.1%

** Revenue amounts do not include donations as they are often designated for use on capital expenditures and long-term planning.

Form 7-1

Report on CCRC Monthly Service Fees

Attachment to Item [5]:

Monthly Fee rate increases were approved within the annual budget by the Board of Directors. The amount of the increases is determined based on many factors. These factors include projected operating costs of the continuing care retirement community, economic indicators, community census information, current market rates, future long-range plans, capital expenditures and other factors.

Inland Christian Home (ICH) creates the budget with the assumption that donations will not be used for operating costs as the Board of Directors uses these funds for capital projects and long-range goals when possible.

In 2021 the rate of inflation increased significantly compared to prior years. ICH experienced substantial cost increases in almost every expense category. Minimum wage increased by \$1 per hour. Low unemployment and a very tight labor market resulted in additional wage increases. Wages for nursing and lower paid workers were especially impacted resulting in a higher increase in the Skilled Nursing (SNF) rate. Wage and wage related expenses account for 65% of ICH's budget. Cost of goods increased significantly and the COVID-19 Pandemic caused the use of additional supplies. Insurance costs increased led by property and health insurance. Due to the pandemic census levels are lower and revenues projections have been reduced. Changes in the payer mix in the SNF also effected the private pay SNF rate.

Beginning January 1, 2022, there was an increase in rates of 5.4% - 6.4% for apartments, cottages, Assisted Living and Memory Care.


Beginning January 1, 2022, there was an increase in rates ranging of approximately 10% for Skilled Nursing.

KEY INDICATORS REPORT

Date Prepared: 5/11/2023

Provider Name: Inland Christian Home, Inc.

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.



Chief Executive Officer Signature

	Projected		Forecast					Preferred Trend Indicator
	2023	2022	2024	2025	2026	2027		
OPERATIONAL STATISTICS								
1. Average Annual Occupancy by Site (%)	93%	86%	84%	86%	88%	88%	88%	N/A
MARGIN (PROFITABILITY) INDICATORS								
2. Net Operating Margin (%)	17%	17%	12%	17%	17%	16%	15%	↑
3. Net Operating Margin - Adjusted (%)	17%	17%	12%	17%	17%	16%	15%	↓
LIQUIDITY INDICATORS								
4. Unrestricted Cash and Investments (\$000)	\$1,752	\$4,841	\$4,793	\$5,532	\$5,958	\$6,679	\$7,500	↑
5. Days Cash on Hand (Unrestricted)	63	70	169	177	183	200	219	↑
CAPITAL STRUCTURE INDICATORS								
6. Deferred Revenue from Entrance Fees (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7. Net Annual E/F proceeds (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8. Unrestricted Net Assets (\$000)	\$6,985	\$7,572	\$9,001	\$10,194	\$10,593	\$11,486	\$11,959	N/A
9. Annual Capital Asset Expenditure (\$000)	\$742	\$651	\$2,317	\$2,614	\$1,000	\$1,000	\$1,000	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	1.8	2.1	1.7	3.0	2.4	2.4	2.5	↑
11. Annual Debt Service Coverage (x)	1.8	2.1	1.7	3.0	2.4	2.4	2.5	↑
12. Annual Debt Service/Revenue (%)	9%	9%	10%	8%	8%	8%	7%	↓
13. Average Annual Effective Interest Rate (%)	3.9%	3.9%	2.8%	3.9%	3.9%	3.9%	3.9%	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	14%	17%	26%	31%	315	40%	46%	↑
15. Average Age of Facility (years)	11.7	12.8	13.9	14.0	14.3	14.4	14.5	↓

Inland Christian Home, Inc.

Key Indicators Report Trend Memo

2022

The projections for future periods include an increase in revenue and expenses of 3.0% each year. However, apartments and cottages also include significant revenue increases due to grandfathered rates that will be phased out for some residents each year. As these grandfathered rates phase out, it is expected to significantly increase available cash.

In 2020, Inland Christian Home took on approximately \$5 million of additional debt in order to finance future building projects. The result is an increase in cash, capital asset purchases, depreciation, interest, and principal payments that is reflected in the forecast. Bond funds will be fully utilized in 2023 and capital expenditures are expected to return to previous levels.

The occupancy rate and net margin decreased in 2020 and 2021 due to COVID-19. These rates rose in 2022 as occupancy began to return to normal levels.