

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED:

12 / 31 / 2023

PROVIDER(S): Inland Christian Home, Inc.

CCRC(S): Inland Christian Home, Inc.

PROVIDER CONTACT PERSON: David Stienstra, Executive Director

TELEPHONE NO.: (909) 983-0084 EMAIL: davids@ichome.org



A complete annual report must consist of 3 copies of all of the following:

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 8,083.00
 - If applicable, late fee in the amount of: \$ _____
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required *liquid* reserves and, *when applicable*, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- Form 9-1, "Calculation of Refund Reserve Amount", *if applicable*.
- Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	144
[2]	Number at end of fiscal year	142
[3]	Total Lines 1 and 2	286
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	143
All Residents		
[6]	Number at beginning of fiscal year	213
[7]	Number at end of fiscal year	211
[8]	Total Lines 6 and 7	424
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	212
[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).	0.67

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) <u>\$14,297,471</u>
[a]	Depreciation <u>\$1,540,730</u>
[b]	Debt Service (Interest Only) <u>\$692,122</u>
[2]	Subtotal (add Line 1a and 1b) <u>\$2,232,852</u>
[3]	Subtract Line 2 from Line 1 and enter result. <u>\$12,064,619</u>
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) <u>67%</u>
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) <u>\$8,083,295</u>
[6]	Total Amount Due (multiply Line 5 by .001) <u>x .001</u> <u>\$8,083</u>

PROVIDER: Inland Christian Home, Inc.

COMMUNITY: Inland Christian Home, Inc.

April 26, 2024

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"



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/29/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER (WC) Heffernan Insurance Brokers 1350 Carlback Avenue Walnut Creek, CA 94596	CONTACT NAME: Stacey Okimoto PHONE (A/C, No, Ext): 925-934-8500 FAX (A/C, No): 925-934-8278 E-MAIL ADDRESS: StaceyO@heffins.com	
	INSURER(S) AFFORDING COVERAGE INSURER A : Nationwide Mutual Insurance Company	NAIC #
INSURED Inland Christian Home Inland Christian Home Foundation, Inc. 1950 South Mountain Ave Ontario, CA 91762	INSURER B : Palomar Excess and Surplus Insurance Company	16754
	INSURER C :	
	INSURER D :	
	INSURER E :	

COVERAGES	CERTIFICATE NUMBER: 1232535410	REVISION NUMBER:
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THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		ACP3096885716	12/1/2023	12/1/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 \$	
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y		ACP3096885716	12/1/2023	12/1/2024	COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ 1,000,000 PROPERTY DAMAGE (Per accident) \$ \$	
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0			ACP3096885716	12/1/2023	12/1/2024	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$	
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below								<input type="checkbox"/> Y / <input checked="" type="checkbox"/> N <input type="checkbox"/> Y / <input checked="" type="checkbox"/> N / <input type="checkbox"/> A
A	<input checked="" type="checkbox"/> PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> EMPLOYEE DISHONESTY <input checked="" type="checkbox"/> DIRECTORS & OFFICERS LIABILITY			ACP3096885716 ACP3096885716 CPPLMLP23007500	12/1/2023 12/1/2023 8/29/2023	12/1/2024 12/1/2024 12/1/2024	PER OCCURRENCE / AGG \$1M / \$3M PER OCCURRENCE \$100,000 PER CLAIM / AGG / SIR \$3M / \$3M / \$25K	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Re: Project: Inland Christian Home, Inc., 1068. Cal-Mortgage is included as additional insured on the General Liability and Auto Liability policies per the attached endorsements, if required.

CERTIFICATE HOLDER Cal-Mortgage Office of Statewide Health Planning & Development 400 R Street, Suite 470 Sacramento, CA 95811	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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INLAND CHRISTIAN HOME, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022

INLAND CHRISTIAN HOME, INC.

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GENSKE, MULDER & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

4150 E. CONCOURS ST., STE 250, ONTARIO, CALIFORNIA 91764
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www.genskemulder.com

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, 2023 and 2022, 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, 2023 and 2022, 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 22, 2024

Genske, Mulder & Co., LLP

GENSKE, MULDER & CO., LLP
Certified Public Accountants

INLAND CHRISTIAN HOME, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 466,567	\$ 1,182,837
Investments	5,557,243	4,506,378
Accounts receivable, net of \$45,000 and \$40,000 allowance for credit losses	1,901,308	2,266,275
Inventories	-	5,468
Prepaid expenses	73,237	90,680
Total current assets	7,998,355	8,051,638
PROPERTY AND EQUIPMENT, NET	20,464,510	20,167,921
OPERATING LEASE RIGHT-OF-USE ASSET, NET	15,365	23,382
DEPOSIT	119,864	119,864
RESTRICTED CASH AND CASH EQUIVALENTS:		
Restricted for projects	-	478,758
Restricted for debt	797,257	740,629
Total restricted cash and cash equivalents	797,257	1,219,387
Total assets	\$ 29,395,351	\$ 29,582,192

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 500,745	\$ 530,060
Security deposits	24,500	28,500
Accrued expenses	478,445	383,335
Deferred revenue	33,884	74,892
Current portion of bond payable	390,000	375,000
Current portion of operating lease liability	8,017	8,017
Current portion of contract payable	-	11,633
Total current liabilities	1,435,591	1,411,437
LONG-TERM LIABILITIES:		
Bond payable, net	17,398,813	17,804,042
Operating lease liability, net of current portion	5,313	14,682
Total long-term liabilities	17,404,126	17,818,724
NET ASSETS:		
Net assets without donor restrictions	10,440,673	10,194,360
Net assets with donor restrictions	114,961	157,671
Total net assets	10,555,634	10,352,031
Total liabilities and net assets	\$ 29,395,351	\$ 29,582,192

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and other support:		
Skilled nursing fees	\$ 7,048,383	\$ 7,159,933
Assisted living fees	1,463,093	1,249,570
Inland Haven fees	1,267,321	1,172,341
Apartment rents	2,370,427	2,160,923
Cottage rents	1,175,675	1,086,881
Foundation Fund donations	72,849	63,821
Meals sold	72,186	53,626
Contributions	377,157	1,439,958
Other revenue - resident	39,267	84,404
Other revenue - non-resident	53,223	91,557
C.A.R.E. Fund discounts applied	(113,242)	(76,300)
Total revenues and other support	13,826,339	14,486,714
Net assets released from restrictions:		
Satisfaction of program restrictions	113,242	76,300
Total revenues and other support without donor restrictions	13,939,581	14,563,014
Functional expenses:		
Program services	11,391,196	10,488,107
Management and general	2,905,814	2,569,403
Fundraising	461	7,924
Total functional expenses	14,297,471	13,065,434
Income (loss) from operations	(357,890)	1,497,580
NON-OPERATING REVENUE (EXPENSES):		
Investment return, net of investment expenses	604,203	(470,630)
Annuity income recognized	-	201,630
Increase in net assets without donor restrictions from operations	246,313	1,228,580
Net assets without donor restrictions, beginning of year	10,194,360	8,965,780
Net assets without donor restrictions, end of year	10,440,673	10,194,360
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions, C.A.R.E. Fund	70,531	85,233
Interest, Scholarship Fund	1	-
Net assets released from restrictions	(113,242)	(76,300)
Increase (decrease) in net assets with donor restrictions	(42,710)	8,933
Net assets with donor restrictions, beginning of year	157,671	148,738
Net assets with donor restrictions, end of year	114,961	157,671
Net assets, beginning of year	10,352,031	9,114,518
Total change in net assets	203,603	1,237,513
NET ASSETS, END OF YEAR	\$ 10,555,634	\$ 10,352,031

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ 2,380,027	\$ 253,445	\$ 531,035	\$ 236,792	\$ 143,351	\$ 988,676	\$ 446,877	\$ 336,675	\$ 551,632	\$ 294,233	\$ 107,334	\$ 6,270,077	\$ 742,114	\$ -	\$ 7,012,191
Payroll taxes and employee benefits	356,233	104,182	69,110	1,006	2,560	-	75,036	91,353	762	42,991	11,138	754,371	114,830	-	869,201
Total compensation	2,736,260	357,627	600,145	237,798	145,911	988,676	521,913	428,028	552,394	337,224	118,472	7,024,448	856,944	-	7,881,392
Contract labor	298,008	2,068	27,841	-	-	-	-	-	1,040	-	-	328,957	-	-	328,957
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	28,272	-	28,272
Employee relations and seminars	530	521	1,284	-	-	-	-	-	-	300	-	2,335	37,137	-	39,472
Food and staples	-	-	-	-	-	368,434	-	-	-	-	-	368,434	-	-	368,434
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	245,498	-	245,498
Licenses	-	-	-	-	-	-	-	-	-	-	-	-	76,425	-	76,425
Linens	-	-	-	-	-	-	-	-	-	-	15,149	-	-	-	15,149
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	107,459	-	107,459
Medical services and supplies	391,466	5,668	13,573	-	-	-	-	-	-	-	-	410,707	-	-	410,707
Office	-	-	-	-	-	-	-	-	-	-	-	-	520,823	-	520,823
Professional fees	-	-	-	-	-	-	-	-	-	300	-	300	92,542	-	92,842
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	16,161	-	16,161
Purchased services	6,093	2,240	1,152	-	-	163,505	116,186	158	3,402	1,150	158	294,044	42,967	-	337,011
Repairs and maintenance	-	-	-	-	-	-	119,603	-	-	-	14,288	133,891	-	-	133,891
State QA fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	32,946	-	1,938	-	-	1,576	211,011	54,688	426	19,862	36,744	359,191	9,766	461	369,418
Travel	-	-	-	-	-	-	-	-	-	-	-	-	3,179	-	3,179
Utilities	-	-	-	-	-	-	608,776	-	-	-	-	608,776	43,565	-	652,341
Workers compensation insurance	129,636	44,029	52,363	824	2,102	-	24,305	24,081	-	20,589	6,305	304,234	5,826	-	310,060
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	127,128	-	127,128
Depreciation	272,440	185,188	140,961	777,846	164,295	-	-	-	-	-	-	1,540,730	-	-	1,540,730
Interest	-	-	-	-	-	-	-	-	-	-	-	-	692,122	-	692,122
Total	\$ 3,867,379	\$ 597,341	\$ 839,257	\$ 1,016,468	\$ 312,308	\$ 1,522,191	\$ 1,601,794	\$ 506,955	\$ 557,262	\$ 379,125	\$ 191,116	\$ 11,391,196	\$ 2,905,814	\$ 461	\$ 14,297,471

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		Total Expenses		
	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
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
Medical services and supplies	294,793	3,760	21,206	-	-	-	-	-	-	-	-	319,759	-	-	319,759
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	61,441	4,216	4,927	-	-	55,599	190,056	62,825	1,362	10,955	22,697	414,078	16,864	7,924	438,866
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	\$ 3,399,806	\$ 575,380	\$ 824,306	\$ 1,002,555	\$ 299,590	\$ 1,324,161	\$ 1,503,621	\$ 518,446	\$ 550,161	\$ 319,517	\$ 170,564	\$ 10,488,107	\$ 2,569,403	\$ 7,924	\$ 13,065,434

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from residents, programs, and insurance	\$ 13,569,009	\$ 11,395,364
Cash received from donors	510,264	1,281,691
Cash received in interest and dividends	56,630	13,884
Cash paid to employees and suppliers	(11,861,402)	(10,703,667)
Cash paid for interest	<u>(708,599)</u>	<u>(723,004)</u>
Net cash provided by operating activities	1,565,902	1,264,268
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,829,302)	(2,614,002)
Purchase of investments	<u>(500,000)</u>	<u>(2,000,000)</u>
Net cash used in investing activities	(2,329,302)	(4,614,002)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bonds	(375,000)	(360,000)
Repayment of gift annuities	<u>-</u>	<u>(21,450)</u>
Net cash used in financing activities	<u>(375,000)</u>	<u>(381,450)</u>
Net decrease in cash, cash equivalents, and restricted cash	(1,138,400)	(3,731,184)
Cash, cash equivalents, and restricted cash beginning	<u>2,402,224</u>	<u>6,133,408</u>
Cash, cash equivalents, and restricted cash ending	<u>\$ 1,263,824</u>	<u>\$ 2,402,224</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Note payable forgiven	\$ <u>-</u>	\$ <u>328,000</u>
Derecognition of annuity payable	\$ <u>-</u>	\$ <u>201,630</u>
Donated securities	\$ <u>1,245</u>	\$ <u>3,555</u>

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATIONS:		
Total change in net assets	\$ 203,603	\$ 1,237,513
Adjustments to total change in net assets to net cash provided by operations:		
Depreciation	1,540,730	1,426,679
Unrealized (gain) loss on investments	(428,536)	553,579
Reinvested interest and dividends	(161,572)	(106,039)
Professional fees paid out of investment balance	40,488	34,606
Donated investments	(1,245)	(3,555)
Gain on annuity	-	(201,630)
Donation in the form of debt forgiveness	-	(328,000)
Amortization of loan fees	130,048	142,217
Amortization of bond premium	(145,277)	(152,692)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	364,967	(1,322,091)
Decrease in inventory	5,468	13,978
(Increase) decrease in prepaid expenses	17,443	(33,910)
Increase in deposit	-	(119,864)
Decrease in security deposits	(4,000)	(4,000)
Increase (decrease) in accounts payable	(29,315)	181,164
Increase (decrease) in accrued expenses	95,110	(33,613)
Increase (decrease) in deferred revenue	(41,008)	19,364
Decrease in operating lease liability	(9,369)	(7,970)
Decrease in contract payable	(11,633)	(31,468)
	\$ 1,565,902	\$ 1,264,268
Net cash provided by operating activities	\$ 1,565,902	\$ 1,264,268

See accompanying notes and independent auditor's report.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 were 142 and 144, 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, 2023 AND 2022

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:

	2023	2022
Cash and cash equivalents	\$ 466,567	\$ 1,182,837
Restricted cash and cash equivalents	797,257	1,219,387
Total cash, cash equivalents, and restricted cash	\$ 1,263,824	\$ 2,402,224

As of December 31, 2023 and 2022, there was \$797,257 and \$1,219,387, 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. Restricted cash and cash equivalents consist of the following as of December 31:

	2023	2022
Revenue fund	\$ 224,848	\$ 15,113
Principal fund	447	61,697
Bond interest fund	1,514	119,614
Bond reserve fund	570,448	544,205
Project fund	-	478,758
Total restricted cash and cash equivalents	\$ 797,257	\$ 1,219,387

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

2. Summary of significant accounting policies (continued)

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.

Recently Adopted Accounting Guidance – Current Expected Credit Losses (CECL)

Accounting Standards Codification (ASC) Topic 326: *Financial Instruments – Credit Losses* requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective January 1, 2023, the Organization adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost, affecting accounts receivable. The new accounting pronouncement did not have a material impact on the financial statements. Results for periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

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, 2023 and 2022 is \$45,000 and \$40,000, respectively.

Inventories

Inventories consist of expendable supplies and are stated at lower of cost or 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.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

2. Summary of significant accounting policies (continued)

Property and equipment (continued)

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, 2023, the Organization had construction in progress of \$66,676 relating to a parking expansion project that adds electronic vehicle charging stations, to be completed within the first half of the upcoming year with the estimated cost to complete this project of \$33,000. The remaining \$537,597 included in construction in progress as of December 31, 2023 is related to long-range projects related to potential expansion and overall revamp of the current facility. 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 and operations of the Organization.

As of December 31, 2022, the Organization had construction in progress of \$67,357 relating to various remodeling and upgrading projects, and \$199,254 related to long-range projects. During the year ended December 31, 2023, the Organization completed the following projects in progress as of December 31, 2022: creation of the Fitness Center for \$185,306, upgrades to the north Magnolia home and conference room for \$44,404, flooring upgrades in Skilled Nursing for \$74,283, remodel of the Inland Haven Daycare for \$15,168, and remodel of the Friendship Center for \$255,732.

Deposit

The Organization provided a deposit for working capital in conjunction with the dining services contract entered into during 2022. 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.

Leases

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent 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 the operating lease is recognized on a straight-line basis over the lease term.

The Organization has elected to use the risk-free rate (Treasury constant maturity nominal yields) for all leases when an implicit rate is not determinable.

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).

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

2. Summary of significant accounting policies (continued)

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, less than five percent of the cottages and apartments were leased for a period of twelve years with the last contract ending in 2023. The terms of the leases called for all rent for the period under lease to be paid at the beginning of the lease term. These prepaid amounts were amortized using the straight-line method over the life of the lease. The Organization no longer requires long-term leases to be paid in advance. During the years ending December 31, 2023 and 2022, \$11,633 and \$31,468 of the lease income was recognized, respectively.

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.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

2. Summary of significant accounting policies (continued)

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, 2023 and 2022 was \$113,242 and \$76,300, respectively.

Charity care is funded through designated donations included in the C.A.R.E. fund portion of the net assets with donor restrictions (Note 11).

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.

Obligation to provide future services

The California Health and Safety Code requires continuing care contract providers to establish and maintain a statutory and refund reserve to assure financial resources will be available to fulfill contractual obligations 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, 2023 and 2022.

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.

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.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

2. Summary of significant accounting policies (continued)

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.

Reclassification

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

3. Accounts receivable

Accounts receivable consists of the following as of December 31:

	2023	2022
Medicare	\$ 267,094	\$ 715,652
Medi-Cal	724,259	651,359
Commercial insurance	544,463	367,752
Private pay	232,784	390,399
Inland Christian Home Foundation	72,849	63,821
Other	104,859	117,292
Allowance for credit losses	(45,000)	(40,000)
Total accounts receivable	\$ 1,901,308	\$ 2,266,275

Changes in the allowance for credit losses for the year ended December 31, 2023 were as follows:

	2023
Beginning balance	\$ 40,000
Provision for credit losses	127,128
Write-offs	(122,128)
Total allowance for credit losses	\$ 45,000

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:

	2023	2022
Cash and cash equivalents	\$ 438,571	\$ 186,602
Money market funds	518,417	-
Exchange-traded funds (ETF) and securities	2,829,101	2,435,777
Corporate bonds	1,042,220	959,693
U.S. Government Agency bonds	728,934	924,306
Totals	\$ 5,557,243	\$ 4,506,378

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

4. Investments and net investment return (continued)

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

	2023	2022
Interest and dividend income	\$ 194,228	\$ 125,578
Less investment expenses	(42,535)	(36,971)
	151,693	88,607
Unrealized gains (losses)	452,510	(559,237)
Investment return, net of investment expenses	\$ 604,203	\$ (470,630)

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:

	2023	2022
Cash and cash equivalents, unrestricted	\$ 466,567	\$ 1,182,837
Investments	5,557,243	4,506,378
Accounts receivable	1,901,308	2,266,275
Totals	\$ 7,925,118	\$ 7,955,490

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.

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.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

6. Fair value of financial instruments (continued)

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 and money market fund— 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.

Investments reported at fair value consists of the following as of December 31, 2023:

	2023		
	Level 1	Level 2	
	Fair Value	Fair Value	Total
Cash and cash equivalents	\$ 438,571	\$ -	\$ 438,571
Money market funds	518,417		518,417
Exchange-traded funds (ETF) and securities	2,829,101	-	2,829,101
Corporate bonds	-	1,042,220	1,042,220
U.S. Government Agency bonds	-	728,934	728,934
	<u>3,786,089</u>	<u>1,771,154</u>	<u>5,557,243</u>
Total investments	\$ <u>3,786,089</u>	\$ <u>1,771,154</u>	\$ <u>5,557,243</u>

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

7. Property and equipment

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

	2023	2022
Buildings and improvements	\$ 28,002,828	\$ 27,881,822
Equipment and furniture	10,826,598	9,950,998
Vehicles	186,096	186,096
Depreciable assets	39,015,522	38,018,916
Less accumulated depreciation	20,969,493	19,931,814
Depreciable assets, net	18,046,029	18,087,102
Land	1,814,208	1,814,208
Construction in progress	604,273	266,611
Property and equipment, net	\$ 20,464,510	\$ 20,167,921

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 (9.25% at December 31, 2023) and matures on December 20, 2024. As of December 31, 2023 and 2022, there was no borrowings or repayments and no balance outstanding on the line.

9. 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.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

9. Bonds payable (continued)

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.

The following is a summary of the bond and debt activity for the year ended December 31, 2023 and the debt outstanding and loans, bonds payable as of December 31, 2023:

<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%	\$ 440,428	\$ (92,588)	\$ 3,090,000	\$ 3,437,840
Term Bond due December 1, 2039	4.00%	516,457	(32,602)	5,450,000	5,933,855
Term Bond due December 1, 2049	4.00%	674,903	(20,087)	8,800,000	9,454,816
Total		<u>\$ 1,631,788</u>	<u>\$ (145,277)</u>	<u>\$ 17,340,000</u>	<u>18,826,511</u>
Less bond issuance cost, net of \$523,339 amortization					<u>(1,037,698)</u>
Bonds payable					17,788,813
Less current portion of bonds payable					<u>(390,000)</u>
Bonds payable, net					<u>\$ 17,398,813</u>

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

9. 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:

Bond name	Interest Rate	Premiums	Premium Amortization	Par value	Bonds payable
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>	<u>19,346,788</u>
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>

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

	Bond payable	Premium Amortization	Issuance Cost Amortization	Total
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
2028	460,000	101,529	(79,590)	481,939
Thereafter	<u>15,220,000</u>	<u>884,757</u>	<u>(543,530)</u>	<u>15,561,227</u>
Totals	<u>\$ 17,340,000</u>	<u>\$ 1,486,511</u>	<u>\$ (1,037,698)</u>	<u>\$ 17,788,813</u>

10. 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:

	2023	2022
Operating lease right-of-use asset	\$ 15,365	\$ 23,382
Total lease assets	<u>\$ 15,365</u>	<u>\$ 23,382</u>
Current portion of operating lease liability	\$ 8,017	\$ 8,017
Operating lease liability	5,313	14,682
Total lease liabilities	<u>\$ 13,330</u>	<u>\$ 22,699</u>

Future lease liability payments for the next two years ending December 31 are \$8,017 and \$5,313.

The weighted average remaining lease term is 1.8 years and amortization included in depreciation expense in the statements of activities was \$8,017 for both of the years ended December 31, 2023 and 2022.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

11. Changes in Net Assets With Donor Restrictions

The net assets with donor restrictions released during the years ending December 31, 2023 and 2022 were utilized as follows:

	2023	2022
Purpose restrictions accomplished:		
C.A.R.E. fund expenses	\$ 113,242	\$ 76,300
Total	\$ 113,242	\$ 76,300

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

	2023	2022
Held for the purpose of:		
C.A.R.E. fund	\$ 107,737	\$ 150,448
Scholarship fund	7,224	7,223
Total	\$ 114,961	\$ 157,671

As of December 31, 2023 and 2022, \$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.

For all other donations received during the years ended December 31, 2023 and 2022, there were no additional net assets with donor restrictions as any purpose restrictions were fully accomplished during the years.

12. 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, 2023 and 2022, the Organization contributed \$81,799 and \$104,537, respectively.

13. Professional liability insurance

The Organization is insured for professional liability claims under an occurrence-based policy. The policy has coverage and deductible amounts management believes are appropriate based on the nature of its business and historical experience. The policy provides \$1,000,000 maximum coverage per incident with a \$3,000,000 aggregate limit and a \$5,000,000 umbrella subject to a \$25,000 deductible. The Organization routinely reviews the adequacy of its insurance coverage and its accruals for any losses not covered by insurance. Liability insurance premiums were \$204,838 and \$200,427 for the years ended December 31, 2023 and 2022, respectively.

The Organization is currently the subject of threatened lawsuits occurring in the normal course of business. Management, after consultation with legal counsel, does not believe that the outcome of these actions will have a material impact on the financial statements of the Organization. As mentioned above, the Organization carries insurance with a \$25,000 deductible for these incidents. However, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in any particular reporting period.

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

14. 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 years ended December 31, 2023 and 2022, the organization paid \$1,504,172 and \$700,073, respectively, 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, 2023 and 2022.

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

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.

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, 2023 AND 2022

14. Commitments and contingencies (continued)

Litigation

From time to time, the Organization is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. When the Organization becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. In accordance with authoritative guidance, the Organization records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Organization records the minimum estimated liability. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Organization discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible, and the amount involved is material. The Organization continuously assesses the potential liability related to the Organization's pending litigation and revises its estimates when additional information becomes available.

As of December 31, 2023, the Organization has been named in an employee class action complaint alleging causes of action in violation of California labor and business and professions codes. The Organization's legal counsel is currently reviewing records pertaining to the claims.

15. 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, 2023 and 2022 was \$1,540,905 and \$3,135,819, respectively. Medi-Cal revenue for the years ending December 31, 2022 and 2021 was \$3,339,373 and \$2,760,785, 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, 2023 and 2022 for Medicare was \$267,094 and \$715,652, respectively. Included in accounts receivable as of December 31, 2023 and 2022 for Medi-Cal was \$724,259 and \$651,358, 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:

	2023	2022
Medicare		
Skilled nursing revenue	21.9%	43.8%
Total revenue	11.4%	24.1%
Total accounts receivable	13.7%	31.0%
Medi-Cal		
Skilled nursing revenue	47.4%	38.6%
Total revenue	24.7%	21.2%
Total accounts receivable	37.2%	28.2%

INLAND CHRISTIAN HOME, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

16. 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, 2023 and 2022, the Inland Christian Home Foundation donated \$72,849 and \$63,821, respectively. These balances were included in accounts receivable at each of the respective year ends.

17. 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 22, 2024, 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, 2023

INLAND CHRISTIAN HOME, INC.

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GENSKE, MULDER & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023.

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, 2023, 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 22, 2024

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, 2023

FORM 5-1					
LONG-TERM DEBT INCURRED					
IN A PRIOR FISCAL YEAR					
(Including Balloon Debt)					
	(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	4/27/2020	\$ 375,000	\$ 708,599		\$ 1,083,599
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$ 375,000	\$ 708,599	\$ -	\$ 1,083,599

(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, 2023

FORM 5-2					
LONG-TERM DEBT INCURRED					
DURING FISCAL YEAR					
(Including Balloon Debt)					
Long-Term Debt Obligation	(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))
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, 2023

FORM 5-3	
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT	
LINE	TOTAL
1	Total from Form 5-1 bottom of Column (e) \$ 1,083,599
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: \$ 1,083,599
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, 2023

LINE	AMOUNTS	TOTAL
FORM 5-4		
CALCULATION OF NET OPERATING EXPENSES		
1	Total operating expenses from financial statements	\$ 14,297,471
2	Deductions	
	a Interest paid on long-term debt	\$ 708,599
	b Credit enhancement premiums paid for long-term debt	-
	c Depreciation	1,540,730
	d Amortization	-
	e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	8,306,221
	f Extraordinary expenses approved by the Department	-
3	Total Deductions	10,555,550
4	Net Operating Expenses	3,741,921
5	Divide Line 4 by 365 and enter the result.	10,252
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$ 768,900
PROVIDER: INLAND CHRISTIAN HOME, INC.		
		FORM 5-4

**FORM 5-5
 ANNUAL RESERVE CERTIFICATION**

Provider Name: INLAND CHRISTIAN HOME, INC.

Fiscal Year Ended: 12/31/23

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/23, 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	\$ 1,083,599
[2] Operating Expense Reserve Amount	768,900
[3] Total Liquid Reserve Amount	\$ 1,852,499

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	\$ 66,567	\$ 400,000
[5] Investment Securities	5,088,343	468,900
[6] Equity Securities	_____	_____
[7] Unused/Available Lines of Credit	_____	_____
[8] Unused/Available Letters of Credit	_____	_____
[9] Debt Service Reserve	797,257	Not Applicable
[10] Other: _____	_____	_____

(describe qualifying asset)

**Total Amount of Qualifying Assets
 Listed for Liquid Reserve:**

[11] _____ 5,952,167 [12] _____ 868,900

Total Amount Required:

[13] _____ 1,083,599 [14] _____ 768,900

Surplus / (Deficiency):

[15] \$ _____ 4,868,568 [16] \$ _____ 100,000

Signature: _____

[Handwritten Signature]

Date: _____

4/29/2024

(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, 2023

Audited Statements of Cash Flows:	
2023 Repayment of bonds	\$ 375,000
Total repayment from financing activities during fiscal year	<u>\$ 375,000</u>
Total principal paid during fiscal year per Form 5-1, Part (b)	\$ 375,000
Total principal paid during fiscal year	<u>\$ 375,000</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, 2023

Audited Statements of Cash Flows:	
Cash received from residents, programs and insurance	<u>\$ 13,569,009</u>
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)	\$ 8,306,221
Revenues received for services provided to individuals under a continuing care contract	<u>5,262,788</u>
Revenues received for services	<u>\$ 13,569,009</u>

INLAND CHRISTIAN HOME, INC.
Attachment to Form 5-5
Reconciliation of Operating and Debt Service Reserves
For The Year Ended December 31, 2023

Total Cash and Investments per Audited Statement of Financial Position:	
Cash and cash equivalents	\$ 466,567
Investments	5,557,243
Restricted cash and cash equivalents	797,257
Total cash and investments	<u>\$ 6,821,067</u>
Qualifying Assets per Form 5-5:	
Debt Service Reserve (Line 11)	\$ 5,952,167
Operating Reserve (Line 12)	868,900
Total qualifying assets	<u>\$ 6,821,067</u>
Per Capita Cost of Operations:	
Operating Expenses (Form 5-4, Line 1)	\$ 14,297,471
Mean # of All Residents (Form 1-1, Line 10)	212
Per Capita Cost of Operations	<u>\$ 67,441</u>

**Continuing Care Retirement Community
Disclosure Statement**

Date Prepared: 4/18/24

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 STORY MULTI-STORY OTHER: Multiple buildings from 1 to 3 stories MILES TO SHOPPING CTR: 1
 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>86.4%</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)* Refundable Repayable 90% 75% 50% 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: One resident is elected to serve as a voting member
 (briefly describe provider's compliance and residents' roles) >
 > 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					
COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
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 checked="" 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.

PROVIDER NAME: Inland Christian Home, Inc.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	\$10,904,100	\$10,912,221	\$12,893,461	\$13,376,334
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	(10,042,810)	(9,603,467)	(10,752,719)	(12,064,619)
NET INCOME FROM OPERATIONS	<u>\$861,290</u>	<u>\$1,308,754</u>	<u>\$2,140,742</u>	<u>\$1,311,715</u>
LESS INTEREST EXPENSE	(657,419)	(737,579)	(711,329)	(692,122)
PLUS CONTRIBUTIONS	2,444,126	610,257	1,503,779	520,537
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	(223,498)	122,736	(269,000)	604,203
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>\$2,424,499</u>	<u>\$1,304,168</u>	<u>\$2,664,192</u>	<u>\$1,744,333</u>
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)	\$17,340,000	4.00%	April 27, 2020	December 1, 2049	30 years

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2017 CCAC Medians 50th Percentile (optional)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
DEBT TO ASSET RATIO		61.3%	60.2%	59.2%
OPERATING RATIO		95.3%	89.1%	95.6%
DEBT SERVICE COVERAGE RATIO		1.7	3.0	2.2
DAYS CASH ON HAND RATIO		169	177	171

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2020</u>	<u>%</u>	<u>2021</u>	<u>%</u>	<u>2022</u>	<u>%</u>	<u>2023</u>	<u>%</u>
STUDIO	\$1,770	2.3	\$2,025	14.7	\$2,145	5.9	\$2,270	5.8
ONE BEDROOM	\$2,175	2.1	\$2,430	12.0	\$2,585	6.4	\$2,738	5.9
TWO BEDROOM	\$2,700	2.5	\$2,980	10.6	\$3,155	5.9	\$3,343	6.0
COTTAGE/HOUSE	\$1,989	2.5	\$2,245	13.2	\$2,380	6.0	\$2,521	5.9
ASSISTED LIVING	\$108/day	2.9	\$111/day	2.9	\$117/day	5.4	\$128/day	9.4
SKILLED NURSING	\$290/day	3.6	\$298/day	2.9	\$328/day	10.1	\$347/day	5.8
SPECIAL CARE	\$156/day	4.0	\$160/day	2.7	\$169/day	5.6	\$185/day	9.5

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

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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)	\$2,270 to \$3,395	\$128/day (Base rate)	\$347/day
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.8% to 5.9%	9.4%	5.8%

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, 2023
(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, 2022 **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 15, 2022
- 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 1, 2022
- 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 1, 2022 **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, 2023

Line	Fiscal Years	2021	2022	2023
1	F/Y 2021 Operating Expenses	\$ (11,679,796)		
2	F/Y 2022 Operating Expenses		\$ (12,890,727)	
3	Projected F/Y 2023 Operating Expenses as Budgeted			\$ (13,086,989)
4	F/Y 2023 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ 12,670,843
5	Projected F/Y 2023 (Net) Operating Results without a MCFI (Line 3 plus Line 4)**			\$ (416,146)
6	Projected F/Y 2023 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5.8% to 9.5%**			\$ 13,235,274
7	Grand Total - Projected F/Y 2023 Net Operating Activity After 5.8% to 9.5% MCFI (Line 3 plus Line 6)			\$ 148,285

Monthly Care Fee Increase: 5.8% to 9.5%

** 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.

The primary budgetary impact for determining the 2023 Monthly Service fee was high inflation during 2022, which was generally quoted at 8% to 9%. The high inflation impacted ICH in every expense category including labor, equipment, supplies, utilities and insurance. Of these factors labor expense increases made the greatest impact. The labor market continued to be extremely tight, especially for nursing staff. This has caused wages paid by ICH to increase significantly.

Beginning January 1, 2023, there was an increase in rates of 9.5 for Assisted Living and Memory Care.

Beginning January 1, 2023, there was an increase in rates ranging of approximately 5.8% for Skilled Nursing, Apartments and Cottages.