

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 9/30/2023

PROVIDER(S):

Artesia Christian Home, Inc.

CCRC(S):

Artesia Christian Home

PROVIDER CONTACT PERSON:

Deb Rouwenhorst

TELEPHONE NUMBER:

562-865-5218

E-MAIL ADDRESS:

debr@achome.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: \$2,551.09
 - ☐ 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

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	29
[2]	Number at end of fiscal year	32
[3]	Total Lines 1 and 2	61
		x.50
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	
[5]	Mean number of continuing care residents	31
All Residents		
[6]	Number at beginning of fiscal year	159
[7]	Number at end of fiscal year	160
[8]	Total Lines 6 and 7	319
		x.50
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	
[10]	Mean number of all residents	160
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of all residents (Line 10) and enter the result (round to two decimal places).	.19

FORM 1-2: ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	13,942,852.00
[a] Depreciation	516,044.00
[b] Debt Service (Interest Only)	0.00
[2] Subtotal (add Line 1a and 1b)	516,044.00
[3] Subtract Line 2 from Line 1 and enter result.	13,426,808.00
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.19
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	2,551,093.52
[6] Total Amount Due (multiply Line 5 by .001)	\$ 2,551.09

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



For over 50 Years, a Tradition in Quality Care Services for Seniors

"Do not cast me away when I am old;
do not forsake me when my strength is gone." Psalm 71:9

February 26, 2024

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 9-14-91
Sacramento, CA 95814

Please accept the enclosed annual reports and attachments for Artesia Christian Home, Inc. for the fiscal year ending September 30, 2023.

I, Michelle Robison, certify that:

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

Sincerely,

A handwritten signature in black ink that reads "Michelle Robison". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Michelle Robison
Executive Director



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)

1/25/2022

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.

PRODUCER Arthur J. Gallagher & Co. Insurance Brokers of CA. LIC #0726293 700 W Center Visalia CA 93291	CONTACT NAME: Becky Baker PHONE (A/C, No, Ext): 559-733-7272 E-MAIL ADDRESS: Becky_Baker@ajg.com PRODUCER CUSTOMER ID:	FAX (A/C, No): 559-733-5612
INSURED Artesia Christian Home, Inc. 11614 E. 183rd St. Artesia CA 90701	INSURER(S) AFFORDING COVERAGE INSURER A: Nationwide Mutual Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	
	NAIC # 23787	

COVERAGES**CERTIFICATE NUMBER:** 1871167676**REVISION NUMBER:****LOCATION OF PREMISES / DESCRIPTION OF PROPERTY** (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/>	PROPERTY	ACPCPP3019897531	1/1/2022	1/1/2023	BUILDING	\$
		CAUSES OF LOSS				PERSONAL PROPERTY	\$
						BUSINESS INCOME	\$
		BASIC				EXTRA EXPENSE	\$
		BROAD				RENTAL VALUE	\$
	<input checked="" type="checkbox"/>	SPECIAL				BLANKET BUILDING	\$
						BLANKET PERS PROP	\$
		EARTHQUAKE				BLANKET BLDG & PP	\$ 29,432,200
		WIND				Blkt B/EE/Rent	\$ 8,417,000
		FLOOD				Boiler/Machiner	\$ 29,432,200
		Repl. Cost					
		Agreed Val					
	<input type="checkbox"/>	INLAND MARINE	TYPE OF POLICY				\$
		CAUSES OF LOSS					\$
		NAMED PERILS	POLICY NUMBER				\$
							\$
	<input type="checkbox"/>	CRIME					\$
		TYPE OF POLICY					\$
							\$
	<input type="checkbox"/>	BOILER & MACHINERY / EQUIPMENT BREAKDOWN					\$
							\$
							\$
							\$

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
11614 E. 183rd St., and 18105 Mundare Ave., Artesia, CA 90701

Crime limit: \$100,000

CERTIFICATE HOLDER**CANCELLATION**

verification only

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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CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)

1/27/2023

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PRODUCER Arthur J. Gallagher Risk Management Services, LLC. 500 N Santa Fe Visalia CA 93291 License#: 0D69293	CONTACT NAME: Becky Baker PHONE (A/C, No, Ext): 559-733-7272 FAX (A/C, No): 559-733-5612 E-MAIL ADDRESS: Becky_Baker@ajg.com PRODUCER CUSTOMER ID:
INSURED Artesia Christian Home, Inc. 11614 E. 183rd St. Artesia CA 90701	INSURER(S) AFFORDING COVERAGE INSURER A: Nationwide Mutual Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
	NAIC # 23787

COVERAGES**CERTIFICATE NUMBER:** 2058338761**REVISION NUMBER:**

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/>	PROPERTY	ACPCPP3029897531	1/1/2023	12/1/2023	BUILDING	\$
		CAUSES OF LOSS				PERSONAL PROPERTY	\$
						BUSINESS INCOME	\$
		BASIC				EXTRA EXPENSE	\$
		BROAD				RENTAL VALUE	\$
	<input checked="" type="checkbox"/>	SPECIAL				BLANKET BUILDING	\$
		EARTHQUAKE				BLANKET PERS PROP	\$
		WIND				BLANKET BLDG & PP	\$ 29,432,200
		FLOOD				Blkt BI/EE/Rent	\$ 8,417,000
		Repl. Cost				Boiler/Machiner	\$ 29,432,200
		Agreed Val					
		INLAND MARINE	TYPE OF POLICY				\$
		CAUSES OF LOSS					\$
		NAMED PERILS	POLICY NUMBER				\$
							\$
		CRIME					\$
		TYPE OF POLICY					\$
							\$
		BOILER & MACHINERY / EQUIPMENT BREAKDOWN					\$
							\$
							\$

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
11614 E. 183rd St., and 18105 Mundare Ave., Artesia, CA 90701

Crime limit: \$100,000

CERTIFICATE HOLDER**CANCELLATION**

verification only

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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ARTESIA CHRISTIAN HOME

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2023 AND 2022

ARTESIA CHRISTIAN HOME

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www.genskemulder.com

Independent Auditor's Report

Board of Directors
Artesia Christian Home
Artesia, California

Opinion

We have audited the accompanying financial statements of Artesia Christian Home (a non-profit organization), which comprise the statements of financial position as of September 30, 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 Artesia Christian Home as of September 30, 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 Artesia Christian Home 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 Artesia Christian Home'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 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 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 Artesia 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Artesia Christian Home'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
January 29, 2024

Genske, Mulder & Co., LLP

GENSKE, MULDER & CO., LLP
Certified Public Accountants

ARTESIA CHRISTIAN HOME
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 854,738	\$ 1,750,645
Investments	1,657,474	1,534,061
Accounts receivable	708,279	501,424
Prepaid expenses	<u>234,454</u>	<u>209,630</u>
Total current assets	3,454,945	3,995,760
 PROPERTY & EQUIPMENT, NET	 <u>10,280,670</u>	 <u>10,480,063</u>
 Total assets	 \$ <u>13,735,615</u>	 \$ <u>14,475,823</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 150,847	\$ 167,419
Accrued salaries and benefits	413,596	327,365
Pension payable	53,469	34,172
Unearned revenue	<u>48,765</u>	<u>108,737</u>
Total current liabilities	666,677	637,693
 NET ASSETS:		
Net assets without donor restrictions	<u>13,068,938</u>	<u>13,838,130</u>
 Total liabilities and net assets	 \$ <u>13,735,615</u>	 \$ <u>14,475,823</u>

See accompanying notes to financial statements and independent auditor's report.

ARTESIA CHRISTIAN HOME
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and other support:		
Skilled nursing fees	\$ 5,798,238	\$ 5,335,374
Residential fees	3,420,251	3,074,250
Memory care	2,341,895	2,175,084
Cottage rent	426,040	413,393
Ancillary income	448,868	371,322
Contributions of cash	162,159	428,870
Grant revenue	-	9,698
Donated goods revenue	47,392	117,741
Donated services revenue	38,589	8,230
Other revenue	168,865	136,949
Total revenues and other support	12,852,297	12,070,911
Net assets released from restrictions:		
Satisfaction of program restrictions	221,069	227,207
Total revenues and other support without donor restrictions	13,073,366	12,298,118
Expenses:		
Program services:		
Skilled nursing services	7,017,274	6,112,899
Residential	2,882,689	2,945,308
Memory care	2,264,688	2,069,301
Cottage	162,988	166,762
Ancillary	347,850	367,180
Total program cost	12,675,489	11,661,450
Supporting services:		
General and administrative	1,267,363	1,257,855
Total functional expenses	13,942,852	12,919,305
OPERATING LOSS	(869,486)	(621,187)
OTHER INCOME (EXPENSE):		
Investment return, net of investment expenses	113,978	(373,663)
Loss on disposal of equipment	(1,530)	(48,075)
Other expense	(12,154)	(4,090)
Total other income (expense)	100,294	(425,828)
Decrease in net assets without donor restrictions	(769,192)	(1,047,015)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions, restricted	221,069	227,207
Net assets released from restrictions	(221,069)	(227,207)
Change in net assets with donor restrictions	-	-
DECREASE IN TOTAL NET ASSETS	(769,192)	(1,047,015)
NET ASSETS, BEGINNING OF YEAR	13,838,130	14,885,145
NET ASSETS, END OF YEAR	\$ 13,068,938	\$ 13,838,130

See accompanying notes to financial statements and independent auditor's report.

ARTESIA CHRISTIAN HOME
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services					Supporting Services			
	SKILLED NURSING	ASSISTED LIVING	MEMORY CARE	INDEPENDENT LIVING (COTTAGES)	ANCILLARY	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	TOTAL EXPENSES	
FUNCTIONAL EXPENSES:									
	Compensation and related expenses:								
	\$ 4,120,916	\$ 1,401,100	\$ 1,231,003	\$ 28,597	\$ -	\$ 6,781,616	\$ 1,064,461	\$ 7,846,077	
	699,229	253,357	231,469	5,409	-	1,189,464	188,554	1,378,018	
Workers compensation	225,181	109,724	94,559	2,656	-	432,120	14,348	446,468	
Total	5,045,326	1,764,181	1,557,031	36,662	-	8,403,200	1,267,363	9,670,563	
Other program expenses:									
	604,913	173,555	119,875	24,024	-	922,367	-	922,367	
	-	-	-	-	347,850	347,850	-	347,850	
	26,589	-	-	-	-	26,589	-	26,589	
	146,894	157,228	185,907	26,015	-	516,044	-	516,044	
	466,879	330,209	189,924	23,368	-	1,010,380	-	1,010,380	
	36,267	25,690	12,568	-	-	74,525	-	74,525	
	34,261	41,010	17,385	14,759	-	107,415	-	107,415	
	40,856	6,996	-	-	-	47,852	-	47,852	
	313,298	145,052	52,257	5,323	-	515,930	-	515,930	
	267,381	222,051	123,158	32,254	-	644,844	-	644,844	
	34,610	16,717	6,583	583	-	58,493	-	58,493	
	1,971,948	1,118,508	707,657	126,326	347,850	4,272,289	-	4,272,289	
	Total functional expenses	\$ 7,017,274	\$ 2,882,689	\$ 2,264,688	\$ 162,988	\$ 347,850	\$ 12,675,489	\$ 1,267,363	\$ 13,942,852

See accompanying notes to financial statements and independent auditor's report.

ARTESIA CHRISTIAN HOME
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services					Supporting Services			
	SKILLED NURSING	ASSISTED LIVING	MEMORY CARE	INDEPENDENT LIVING (COTTAGES)	ANCILLARY	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	TOTAL EXPENSES	
FUNCTIONAL EXPENSES:									
	Compensation and related expenses:								
	\$ 3,663,153	\$ 1,474,284	\$ 1,152,881	\$ 34,001	\$ -	\$ 6,324,319	\$ 1,052,763	\$ 7,377,082	
	627,896	246,127	207,663	5,571	-	1,087,257	180,992	1,268,249	
Workers compensation	204,256	65,460	48,867	1,871	-	320,454	24,100	344,554	
Total	4,495,305	1,785,871	1,409,411	41,443	-	7,732,030	1,257,855	8,989,885	
Other program expenses:									
	507,179	154,997	114,060	18,773	-	795,009	-	795,009	
	-	-	-	-	367,180	367,180	-	367,180	
	12,602	-	-	-	-	12,602	-	12,602	
	138,589	169,196	175,622	21,389	-	504,796	-	504,796	
	381,440	417,545	184,748	20,704	-	1,004,437	-	1,004,437	
	28,613	19,392	7,044	-	-	55,049	-	55,049	
	36,958	50,399	20,897	14,660	-	122,914	-	122,914	
	17,852	4,691	-	-	-	22,543	-	22,543	
	257,701	108,054	56,464	1,614	-	423,833	-	423,833	
	212,897	217,718	93,648	48,039	-	572,302	-	572,302	
	23,763	17,445	7,407	140	-	48,755	-	48,755	
	1,617,594	1,159,437	659,890	125,319	367,180	3,929,420	-	3,929,420	
	Total functional expenses	\$ 6,112,899	\$ 2,945,308	\$ 2,069,301	\$ 166,762	\$ 367,180	\$ 11,661,450	\$ 1,257,855	\$ 12,919,305

See accompanying notes to financial statements and independent auditor's report.

ARTESIA CHRISTIAN HOME
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from residents, programs and insurance	\$ 12,168,465	\$ 11,383,647
Cash received from donors	412,382	664,307
Cash received from quality bonus and other	168,865	136,949
Cash received from government grants	-	9,698
Cash received in interest and dividends	-	1,879
Cash paid to employees and suppliers	<u>(13,327,438)</u>	<u>(12,659,259)</u>
Net cash used in operating activities	(577,726)	(462,779)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property improvements and equipment	(312,515)	(286,026)
Net additions to construction in process	<u>(5,666)</u>	<u>(15,170)</u>
Net cash used in investing activities	<u>(318,181)</u>	<u>(301,196)</u>
Decrease in cash, cash equivalents and restricted cash	(895,907)	(763,975)
Cash, cash equivalents and restricted cash beginning	<u>1,750,645</u>	<u>2,514,620</u>
Cash, cash equivalents and restricted cash ending	\$ <u><u>854,738</u></u>	\$ <u><u>1,750,645</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Donated goods	\$ <u><u>47,392</u></u>	\$ <u><u>117,741</u></u>
Donated investments	\$ <u><u>9,435</u></u>	\$ <u><u>-</u></u>

See accompanying notes to financial statements and independent auditor's report.

ARTESIA CHRISTIAN HOME
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (769,192)	\$ (1,047,015)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized (gains) losses on investments	(70,848)	431,989
Realized (gains) losses on sales of investments	(12,808)	112,905
Reinvested interest and dividends	(41,522)	(181,811)
Professional fees paid out of investment balance	11,200	12,459
Loss on disposal of assets	1,530	48,075
Donated investments	(9,435)	-
In-kind contributions - goods	(47,392)	(117,741)
Distribution of in-kind good contributions	47,392	55,281
In-kind contributions - services	(38,589)	(8,230)
Distribution of in-kind service contributions	38,589	8,230
Depreciation expense	516,044	504,796
Changes in operating assets and liabilities:		
Accounts receivable	(206,855)	62,320
Prepaid expenses	(24,824)	(74,215)
Accounts payable	(16,572)	19,387
Accrued salaries and benefits	86,231	(236,683)
Pension payable	19,297	(8,520)
Unearned revenue	(59,972)	(44,006)
Net cash used in operating activities	\$ <u>(577,726)</u>	<u>(462,779)</u>

See accompanying notes to financial statements and independent auditor's report.

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

1. Nature of activities

Artesia Christian Home (the "Organization") is a non-profit organization operating in Los Angeles County, California, which provides skilled nursing care, assisted living including independent cottage and apartment care, and a memory care facility. The Organization 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 September 30, 2023 and 2022 were 32 and 29, 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 ("GAAP"). 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 net assets with donor restrictions by the donor or state law. The Organization does not interpret the guidance in the standard to include amounts restricted by Medicare, MediCal, 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.

Reclassifications

Reclassification of prior year information was made to conform to current year presentation.

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

The Organization has assessed the predominant component of monthly lease payments for skilled nursing, assisted living, independent living, and memory care to be for the monthly rent of the apartment, as other services and ancillary revenue are reported separately. The Organization therefore recognizes monthly rent as lease income under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 840, *Leases*. The Organization further determined that other services and ancillary revenue are health care services and other services provided to residents that do not relate to the unit apartment rent. Therefore, such service revenues are not part of the calculation of lease payments, and revenue under these service lines is recognized under FASB ASC 606, *Revenue from Contracts with Customers*.

Skilled nursing, assisted living, independent living, and memory care fees (together, "net health services revenues") are reported at the amount that reflects the consideration the Organization expects to receive in exchange for the personal care services provided. Performance obligations are determined based on the nature of the services provided. Revenues are recognized as performance obligations are satisfied.

Net health services revenues are primarily comprised of the following revenue streams:

Skilled Nursing – Skilled nursing revenues are primarily derived from providing personal care services to residents at a stated daily fees with the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, skilled nursing revenues are recognized on a daily basis.

Assisted Living – Assisted living revenues are primarily derived from providing personal care services to residents at a stated monthly fee with the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, assisted living revenues are recognized on a month-to-month basis.

Memory Care – Memory care revenues are primarily derived from providing personal care services to residents at a stated monthly fee with the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, memory care revenues are recognized on a month-to-month basis.

Independent Living (Cottages) – Independent living revenues are primarily derived from providing personal care services to residents at a stated monthly fee with the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, independent living revenues are recognized on a month-to-month basis.

Ancillary – Ancillary revenues are primarily derived from providing medication, physical, occupational, and speech therapy, x-ray and imaging, and medical supplies to skilled nursing residents. Ancillary revenue for net health services is recognized as services are rendered.

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Payment terms and conditions for the Organization's resident contracts vary by contract type, although terms generally include payment to be made within 30 days. Monthly rental fees and net health services revenue for assisted living, independent living, and memory care are billed to residents monthly in advance and are amortized ratably during the month. Net health services for skilled nursing and ancillary are billed in arrears. The Organization has agreements with the residents at established monthly rates. The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Net health services revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments due to audits, review or investigations are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods, as adjustments become known. Payment arrangements include prospectively determined rates per day, reimbursed costs, and discounted charges, and per diem payments. Laws and regulations governing the Medicare and MediCal 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 cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased 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.

Restricted cash

There is no restricted cash from grants and net assets with donor restrictions as of September 30, 2023 and 2022. The Organization does maintain a restricted cash account representing deposits from family members on behalf of residents for payment of future bills. The balance of this resident trust fund account was \$2,199 and \$3,971 as of September 30, 2023 and 2022, respectively.

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 current 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. There was no valuation allowance assessed by the Organization for each of the years ended September 30, 2023 and 2022.

Prepaid expenses

Prepaid expenses are expenses that are paid in advance for goods or services that will be received in the future. Prepaid expenses are mostly comprised of vendor deposits, workers' compensation, and insurance.

ARTESIA CHRISTIAN HOME

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

2. Summary of significant accounting policies (continued)

Property and equipment

Purchased property and equipment consist of land and improvements, buildings, equipment and furniture, and vehicles. Acquisitions of property and equipment in excess of \$2,500 are capitalized. Donations of property and equipment are recorded as support through the statement of activities 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 expiration 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.

Depreciation is computed on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	20-40 years
Equipment and furniture	5-20 years
Vehicles	7 years

Construction in progress

As of the year ended September 30, 2023, the Organization was in the process of updating the interior of a cottage residence and a technology project. As of September 30, 2023, the Organization incurred and capitalized \$20,836 in construction in progress related to these two projects. The interior updates of the cottage residence were completed and placed in service in October 2023 for a total cost of \$20,068. The technology project was completed and placed into service in December 2023 for a total cost of \$6,694. No interest was capitalized to the projects during the year ended September 30, 2023.

As of the year ended September 30, 2022, the Organization was in the process of updating the interior of a cottage residence and replacing the flooring in the areas used for skilled nursing. As of September 30, 2022, the Organization incurred and capitalized \$15,170 in construction in progress related to these two projects. The cottage residence project was completed and placed into service in October 2022 for a total cost of \$12,059. The skilled nursing flooring project was completed and placed into service in June 2023 for a total cost of \$13,239. No interest was capitalized to the projects during the year ended September 30, 2022.

Investments

Investments are reported at fair value in the statements of financial position and are based on quoted market prices. Net appreciation and depreciation on investments, included 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 statement of activities. Investment income, net of investment expenses is reported as an increase or decrease to net assets without donor restrictions.

Unearned revenue

The Organization recognizes a liability when it receives money in advance of providing goods or services. The Organization's unearned revenue the following for the years ended September 30:

	2023	2022
Resident prepayments	\$ 46,566	\$ 104,766
Resident deposits	2,199	3,971
Total unearned revenue	\$ 48,765	\$ 108,737

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

2. Summary of significant accounting policies (continued)

Fair value of financial instruments

The Organization's financial instruments consist principally of cash and cash equivalents, accounts receivable, short term accounts payable and investments in mutual funds and exchange traded funds. The recorded values of these financial instruments approximates their fair values. Investments are recorded at fair value (see Note 7).

Income taxes

The Organization is an exempt from taxation under Internal Revenue Code Section 501(c)(3) and the comparable California Revenue and Taxation Code Section 23701(d). The Organization has been classified by the Internal Revenue Service as other than a private foundation.

Net patient service revenue

Patient service revenues from patients and third-party payers are reported at the 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. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended September 30, 2023, and 2022 was not significant.

Contributions of cash

Contributions of cash are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor transactions. 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

Contributions of goods and services that are measurable are valued at their estimated fair market value and are recorded in the statement of activities when received. The contributions are recorded as unrestricted support unless specific donor stipulations specify how the donated asset must be used. The related donated services are expensed in the functional expenses based on the types of professional services rendered.

Charity care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as 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 for the years ended September 30, 2023 and 2022 was \$804,342 and \$448,609, respectively.

Continuing care contracts

The Organization has entered into continuing care contracts with the residents of its facilities. Under the provision of these contracts, residents are required to pay an entrance fee and 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.

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

2. Summary of significant accounting policies (continued)

Functional allocation of expenses

Expenses are allocated on a functional basis among the various programs and support services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or service. Expenses that are common to several programs or 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 percentage of total revenue basis or on estimates of time and resources, depending on the type of expense.

Use of estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make certain estimates and assumptions that directly affect the results of reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Recent Accounting Update

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which allows certain entities the option to delay adoption of ASU 2016-02 to fiscal years beginning after December 15, 2021, which is the fiscal year ending September 30, 2023, for the Organization. The Organization adopted ASU 2016-02 during the year ended September 30, 2023, and was applied retrospectively. The adoption did not have a material impact on the financial statements.

3. Accounts receivable

Accounts receivable consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 7,951	\$ 31,597
Medi-Cal	479,597	277,067
Private pay	159,684	137,703
Commercial insurance	<u>61,047</u>	<u>55,057</u>
Total accounts receivable	<u>\$ 708,279</u>	<u>\$ 501,424</u>

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

4. Property and equipment

Property and equipment consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 1,216,889	\$ 1,216,889
Buildings and improvements	14,247,711	14,021,082
Equipment and furniture	2,613,429	2,598,401
Vehicles	255,371	255,371
Construction in progress	20,836	15,170
	<u>18,354,236</u>	<u>18,106,913</u>
Less accumulated depreciation	<u>8,073,566</u>	<u>7,626,850</u>
Property and equipment, net	<u>\$ 10,280,670</u>	<u>\$ 10,480,063</u>

5. Investments and investment return

Investments consist of the following with total investments reflected in the statement of financial position as of September 30:

	<u>2023</u>	<u>2022</u>
Cash equivalents	\$ 41,780	\$ 475,585
Fixed income	100,000	-
Equities	12,630	-
Exchange-traded funds	480,197	239,694
Mutual funds	<u>1,022,867</u>	<u>818,782</u>
Total investments	<u>\$ 1,657,474</u>	<u>\$ 1,534,061</u>

Total investment return, net of investment expenses for the years ended September 30, is comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 41,522	\$ 183,690
Realized gains (losses)	<u>12,808</u>	<u>(112,905)</u>
Total returns	54,330	70,785
Less investment expenses	<u>(11,200)</u>	<u>(12,459)</u>
Net realized returns	43,130	58,326
Unrealized gains (losses)	<u>70,848</u>	<u>(431,989)</u>
Investment return, net of investment expenses	<u>\$ 113,978</u>	<u>\$ (373,663)</u>

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

6. Liquidity and availability of funds

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

	2023	2022
Cash and cash equivalents	\$ 854,738	\$ 1,750,645
Accounts and interest receivable	708,279	501,424
Investments	1,657,474	1,534,061
Total liquid financial assets	\$ 3,220,491	\$ 3,786,130

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, 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 invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization can withdraw investment funds held or spend from available donation dollars.

7. 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. Examples of assets and liabilities utilizing Level 1 inputs are equities, exchange-traded funds (ETFs) and mutual funds.

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 certificates of deposit, corporate bonds, and United States (U.S.) government-sponsored agency bonds.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

The fair value standard requires the assets and liabilities carried at fair value be classified and disclosed in one of the three levels. The Organization's investments are reported as Level 1 and Level 2 inputs within the fair value hierarchy, consisting of fixed income, equities, ETFs, and mutual funds. The Organization does not hold securities classified as Level 3.

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:

ARTESIA CHRISTIAN HOME

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

7. Fair value of financial instruments (continued)

Fixed income — The Level 2 investment is a certificate of deposit fixed income investment. In determining the fair value of the investments categorized as Level 2, a report from a nationally recognized broker-dealer detailing the fair value of each certificate of deposit investment held as of each reporting date was obtained. The broker-dealers use prices obtained from nationally recognized pricing services to value the fixed income securities.

Equities, EFTs, and mutual funds — 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.

There have been no significant changes in the valuation techniques during the years ended September 30, 2023 and 2022.

Investments reported at fair value consist of the following as of September 30:

	2023		
	Level 1	Level 2	Total
	Fair Value	Fair Value	
Cash equivalents	\$ 41,780	\$ -	\$ 41,780
Fixed income	-	100,000	100,000
Equities	-	12,630	12,630
Exchange-traded funds	480,197	-	480,197
Mutual funds	1,022,867	-	1,022,867
Total investments	<u>\$ 1,544,844</u>	<u>\$ 112,630</u>	<u>\$ 1,657,474</u>

	2022		
	Level 1	Level 2	Total
	Fair Value	Fair Value	
Cash equivalents	\$ 475,585	\$ -	\$ 475,585
Fixed income	-	-	-
Equities	-	-	-
Exchange-traded funds	239,694	-	239,694
Mutual funds	818,782	-	818,782
Total investments	<u>\$ 1,534,061</u>	<u>\$ -</u>	<u>\$ 1,534,061</u>

8. Employee benefit plan

The Organization offers a tax deferred annuity program under Internal Revenue Code Section 403(b) covering full-time employees. The voluntary program allows participants to contribute a percentage of salary to be placed in the individual's specific account. The Organization matches employee contributions up to 3% of the participant's wages. The Organization assesses an additional discretionary contribution of 3% annually. For the years ended September 30, 2023 and 2022, the Organization contributed \$351,794 and \$321,575, respectively.

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

9. Professional liability and workers compensation claims

Professional liability claims

The Organization purchases professional liability insurance under an occurrence-based policy. The insurance provides \$1,000,000 maximum coverage per incident, with a \$3,000,000 aggregate limit. Premium expense was \$202,924 and \$216,091 for the years ended September 30, 2023 and 2022, respectively. The Organization is also insured for excess liability up to a limit of \$3,000,000. Premium expense for the excess liability policy was \$45,884 and \$45,644 during the years ended September 30, 2023 and 2022, respectively.

Workers compensation claims

The Organization participates in GuardianComp, Inc., an alternative to traditional workers' compensation insurance for not-for-profit nursing and continuing care retirement communities in the state of California. Members of GuardianComp, Inc. make contributions based on estimated payroll figures, which fund losses and program expenses. After claims are closed and expenses are paid at the end of the program year, GuardianComp, Inc. conducts an audit by member and determines the amount of underpaid or overpaid contribution to be remitted to or paid by the participating member.

For the years ended September 30, 2023 and 2022, contributions made to GuardianComp, Inc. were \$408,433 and \$375,152, respectively. During the year ended September 30, 2023, the Organization was required to pay an additional contribution into the program of \$41,831. During the year ended September 30, 2022, the Organization received a refund of \$31,105, which is considered an overpaid contribution. The refund reduced workers' compensation expense.

10. Concentrations of risk and disaggregation of revenue

The Organization maintains cash deposits at multiple financial institutions. 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.

Contractual allowances have been deducted from gross revenue to arrive at net skilled nursing and ancillary fees as set forth below for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Skilled nursing and ancillary revenue	\$ 6,989,822	\$ 6,196,673
Contractual and other allowances	<u>(742,716)</u>	<u>(489,977)</u>
Totals	<u>\$ 6,247,106</u>	<u>\$ 5,706,696</u>

A substantial portion of the Organization's skilled nursing revenue and accounts receivable is from federal Medicare and state Medi-Cal programs. For the years ended September 30, 2023 and 2022, skilled nursing revenue from Medicare was \$356,064 and \$263,998, respectively. Skilled nursing Medi-Cal revenue for the years ending September 30, 2023 and 2022 was \$3,762,979 and \$3,023,103, respectively. Reimbursement is based on a standard fee schedule established by Medi-Cal for each type of service. Contracts may also have been 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 September 30, 2023 and 2022 for Medicare was \$7,951 and \$31,597, respectively. Included in accounts receivable as of September 30, 2023 and 2022 for Medi-Cal was \$479,597 and \$277,067, respectively.

ARTESIA CHRISTIAN HOME
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

11. Net asset balances and releases from restrictions

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

	<u>2023</u>	<u>2022</u>
Medicare		
Skilled nursing revenue	5.1%	4.3%
Total accounts receivable	1.1%	6.3%
Medi-Cal		
Skilled nursing revenue	53.8%	48.8%
Total accounts receivable	67.7%	55.3%

The net assets with donor restrictions released during the years ending September 30, 2023 and 2022 were utilized as follows:

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
C.A.R.E. fund expenses	\$ 114,143	\$ 144,900
Special projects	<u>106,926</u>	<u>82,307</u>
Total	<u>\$ 221,069</u>	<u>\$ 227,207</u>

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.

Special projects funds represent donations received with any designation other than the C.A.R.E. fund. Typically, special project funds are designated for use by a specific department or to be used towards a specific project the Organization is involved in.

As the purpose restrictions were fully accomplished during the years, there were no net assets with donor restrictions as of each of the years ended September 30, 2023 and 2022.

12. Grant revenue

During the year ended September 30, 2022, the Organization received grant funds from the CARES Act Provider Relief Fund totaling \$9,698. This grant provides funding for financial losses and changes in operating expenses caused by the coronavirus. As of September 30, 2022, all funds received were used for specified purposes. There were no grant monies received during the year ended September 30, 2023.

ARTESIA CHRISTIAN HOME

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

13. Donated goods and services

For the years ended September 30, 2023 and 2022, \$38,589 and \$8,230, respectively is recorded within the statement of activities for donated services.

For the years ended September 30, 2023 and 2022, contributed nonfinancial assets, also referred to as donated goods, recognized within the statement of activities included the following:

	2023	2022
Furniture	\$ -	\$ 62,460
Supplies and equipment	46,392	52,868
Employee enhancement	1,000	2,413
Total donated goods	\$ 47,392	\$ 117,741

The Organization recognized donated goods within revenue, including donated furniture, supplies and equipment, and amounts for employee enhancement. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed furniture was used by residents in the Organization's onsite dining room. In valuing the furniture, the Organization estimated the fair value on the basis of values that would be paid by contacting a seller of the same chairs.

Contributed supplies and equipment were utilized by the residents and staff of the Organization. Contributed gifts and food were utilized by the Organization's employees for employee enhancement purposes. In valuing the contributed supplies, equipment, gifts and food, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

14. Commitments and contingencies

Dining services

The Organization has an agreement with Morrison Management Specialists, Inc. ("Morrison") for dining services for the Resident Care Facility. The contract is renewed annually, effective October through September of each fiscal year. Effective October 1, 2022, the Organization and Morrison agreed to move from per resident day rates to a monthly rate with a separate charge for resident meals. For the year ended September 30, 2023, the Organization paid Morrison a monthly rate of \$35,995, which is based on providing services for 64 resident care, 54 skilled nursing, and 28 memory care projected resident days per day. Should actual resident days for any consecutive three-month period be 10% higher or lower than the projected resident days for that same period, then the Organization and Morrison would renegotiate the monthly rate. In addition to the monthly rate, Morrison charges the Organization \$9.25 per resident day to cover the costs of food for resident meals and related supplies for the resident care, skilled nursing, and memory care residents. The charges cover up to three meals per day. On each October 1, beginning October 1, 2023, the monthly rate, and any other fixed cost charges such as the daily resident meal charge, will be increased by the 12-month percentage change in the Consumer Price Index for All Urban Consumers: Food Away from Home, U.S. City Average (Not Seasonally Adjusted) as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

For the year ended September 30, 2022, the Organization operated under a contract with per resident day rates for a base resident census of 64 at a guaranteed rate of \$33.29 per resident per day. Once a resident census of 64 is exceeded, the guaranteed rate is at \$4.77 per resident per day. For the Skilled Nursing Facility, the rate guaranteed at September 30, 2022 is \$43.28 per day for 54 residents with a variable rate of \$4.77. For the Memory Care Center, the rate guaranteed at September 30, 2022 is \$22.39 per day for 28 residents with a variable rate of \$4.77. If the resident census is not met, the Organization is bound to provide Morrison with the difference in actual and projected monthly resident days at the variable rate.

ARTESIA CHRISTIAN HOME

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

14. Commitments and contingencies (continued)

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 September 30, 2023 and 2022.

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.

Investments

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

15. Subsequent events

Subsequent events are events or transactions that occur after the statement of financial position date but before 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 financial statements are available to be issued.

Management has evaluated subsequent events through January 29, 2024, the date on which the financial statements were available to be issued.

ARTESIA CHRISTIAN HOME

**STATE OF CALIFORNIA
CONTINUING CARE RESERVE REPORT**

AND

INDEPENDENT AUDITOR'S REPORT

**AS OF AND FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

ARTESIA CHRISTIAN HOME

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Independent Auditor's Report

Board of Directors
Artesia Christian Home

Opinion

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 of Artesia Christian Home. (a non-profit organization) as of and for the year ended September 30, 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 Artesia Christian Home as of September 30, 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 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 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 Artesia 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 Artesia Christian Home'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 Artesia Christian Home, 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.

January 29, 2024
Ontario, California

Genske, Mulder & Co., LLP

GENSKE, MULDER & CO., LLP
Certified Public Accountants

ARTESIA CHRISTIAN HOME
FORM 5-1, LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
INCLUDING BALLOON DEBT
For The Year Ended September 30, 2023

FORM 5-1 LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR (Including Balloon Debt)				
Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid In Fiscal year
1				(e) Total Paid (columns (b) + (c) + (d))
2				
3				
4				
5				
6				
7				
8				
TOTAL:		\$ -	\$ -	\$ -

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

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

PROVIDER: ARTESIA CHRISTIAN HOME

FORM 5-1

ARTESIA CHRISTIAN HOME
FORM 5-2, LONG-TERM DEBT INCURRED DURING FISCAL YEAR
INCLUDING BALLOON DEBT
For The Year Ended September 30, 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
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: ARTESIA CHRISTIAN HOME

FORM 5-2

ARTESIA CHRISTIAN HOME
FORM 5-3, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
For The Year Ended September 30, 2023

FORM 5-3 CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT		TOTAL
LINE		
1	Total from Form 5-1 bottom of Column (e)	\$ -
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:	\$ -
PROVIDER: ARTESIA CHRISTIAN HOME		FORM 5-3

ARTESIA CHRISTIAN HOME
FORM 5-4, CALCULATION OF NET OPERATING EXPENSES
For The Year Ended September 30, 2023

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES		
LINE	AMOUNTS	TOTAL
1	Total operating expenses from financial statements	\$ 13,942,852
2	Deductions	
a	Interest paid on long-term debt	-
b	Credit enhancement premiums paid for long-term debt	-
c	Depreciation	516,044
d	Amortization	-
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	11,376,095
f	Extraordinary expenses approved by the Department	-
3	Total Deductions	11,892,139
4	Net Operating Expenses	2,050,713
5	Divide Line 4 by 365 and enter the result.	5,618
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$ 421,350
<div style="display: flex; justify-content: space-between;"> PROVIDER: ARTESIA CHRISTIAN HOME FORM 5-4 </div>		

ARTESIA CHRISTIAN HOME
FORM 5-5, ANNUAL RESERVE CERTIFICATION
For The Year Ended September 30, 2023

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Artesia Christian Home
Fiscal Year Ended: 9/30/23

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 9/30/23, 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	\$ -
[2] Operating Expense Reserve Amount	421,350
[3] Total Liquid Reserve Amount	\$ 421,350

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	\$ -	\$ 894,319
[5] Investment Securities		100,000
[6] Equity Securities		1,515,694
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		Not Applicable
[10] Other: _____		

(describe qualifying asset)

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

[11] - [12] 2,510,013

Total Amount Required:

[13] - [14] 421,350

Surplus / (Deficiency):

[15] \$ - [16] \$ 2,088,663

Signature: Michelle Robinson
(Authorized Representative)

Date: 2.29.2024

Executive Director
(Title)

FORM 5-5

SUPPLEMENTARY INFORMATION

ARTESIA CHRISTIAN HOME
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 September 30, 2023

Audited Statements of Cash Flows:	
Cash received from residents	<u>\$ 12,168,465</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)	\$ 11,376,095
Revenues received for services provided to individuals under a continuing care contract	<u>792,370</u>
Revenues received for services	<u><u>\$ 12,168,465</u></u>

ARTESIA CHRISTIAN HOME
Attachment to Form 5-5
Reconciliation of Operating and Debt Service Reserves
For The Year Ended September 30, 2023

Total Cash and Investments per Audited Statement of Financial Position:	
Cash	\$ 854,738
Investments	1,657,474
Total cash and Investments	<u>\$ 2,512,212</u>
Qualifying Assets per Form 5-5:	
Debt Service Reserve (Line 11)	\$ -
Operating Reserve (Line 12)	2,510,013
Total qualifying assets	<u>\$ 2,510,013</u>
Per Capita Cost of Operations:	
Operating Expenses (Form 5-4, Line 1)	\$ 13,942,852
Mean # of All Residents (Form 1-1, Line 10)	160
Per Capita Cost of Operations	<u>\$ 87,143</u>

**CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT**

Date Prepared: 2/26/2024

Facility Name: Artesia Christian Home, Inc		
Address: 11614 183rd St, Artesia, CA	Zip Code: 90701	Phone: 562-865-5218
Provider Name: Artesia Christian Home, Inc.		

Facility Operator: Artesia Christian Home			
Religious Affiliation: Reformed Churches/Christian Reformed Churches			
Year Opened: 1951	# of Acres: 6	Miles to Shopping Center: 1	Miles to Hospital: 5
<input checked="" type="checkbox"/> Single Story	<input checked="" type="checkbox"/> Multi-Story	<input type="checkbox"/> Other:	

Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:		Assisted Living:	65
Apartments – 1 Bdrm:		Skilled Nursing:	66
Apartments – 2 Bdrm:		Special Care:	28
Cottages/Houses:	21	Description:	Memory Care

RLU Occupancy (%) at Year End: 90.5%

Type of Ownership:	<input checked="" type="checkbox"/> Not for Profit	Accredited?	<input type="checkbox"/> Yes By:
	<input type="checkbox"/> For Profit		<input checked="" type="checkbox"/> No
Form of Contact:	<input checked="" type="checkbox"/> Continuing Care	<input type="checkbox"/> Life Care	<input checked="" type="checkbox"/> Entrance Fee
(Check all that apply)	<input type="checkbox"/> Assignment of Assets	<input type="checkbox"/> Equity	<input type="checkbox"/> Membership
			<input checked="" type="checkbox"/> Fee for Service
			<input checked="" type="checkbox"/> Rental
Refund Provisions:	<input type="checkbox"/> Refundable	<input type="checkbox"/> 90%	<input type="checkbox"/> 50%
(Check all that apply)	<input type="checkbox"/> Repayable	<input type="checkbox"/> 75%	<input type="checkbox"/> Other:
Range of Entrance Fees: \$0 - \$1,500			

Long-Term Care Insurance Required? ☐ Yes ☒ No

Health Care Benefits Included in Contract: No

Entry Requirements: Min Age: 65 Prior Profession: N/A Other:

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider's compliance and residents' roles): Two cottage residents elected to the Board of Directors. One a full voting member and the other a non-voting member. Two year term.

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.

Facility Services and Amenities

Common Area Amenities	Available	Fee for Service	Services Available	Included in Fee	For Extra Charge
Beauty/Barber Shop	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Housekeeping (<u>4</u> Times/	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Billiard Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Month at \$ <u>25</u> /hr each)		
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (<u>3</u> /Day)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Chapel	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	All Utilities Except Phone	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Putting Green	<input type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Shuffleboard	<input type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Indoor	<input type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Outdoor	<input type="checkbox"/>	<input type="checkbox"/>	Personal Home Care	<input type="checkbox"/>	<input type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workshop	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Prearranged	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

Provider Name: Artesia Christian Home, Inc.

Affiliated CCRCs	Location (city, state)	Phone (with area code)

Multi-Level Retirement Communities	Location (city, state)	Phone (with area code)

Free-Standing Skilled Nursing	Location (city, state)	Phone (with area code)

Subsidized Senior Housing	Location (city, state)	Phone (with area code)

NOTE: Please indicate if the facility is a life care facility.

Provider Name: Artesia Christian Home, Inc.

Income and Expenses [Year]	2020	2021	2022	2023
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)	11,318,149	10,667,452	11,369,423	12,435,292
Less Operating Expenses (Excluding depreciation, amortization, and interest)	12,037,853	11,242,053	12,414,509	13,426,808
Net Income From Operations	(719,704)	(574,601)	(1,045,086)	(991,516)
Less Interest Expense	0	0	0	0
Plus Contributions	448,518	470,935	656,077	383,228
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	1,858,872	772,692	(153,210)	355,140
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	1,587,686	669,026	(542,219)	(253,148)
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)

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2021	2022	2023
Debt to Asset Ratio		0%	0%	0%
Operating Ratio		105.4	109.2%	108.0%
Debt Service Coverage Ratio		0%	0%	0%
Days Cash On Hand Ratio		144	97	68

Provider Name: Artesia Christian Home, Inc.

Historical Monthly Service Fees (*Average Fee and Change Percentage*)

Residence/Service [Year]	2020	%	2021	%	2022	%	2023	%
Studio								
One Bedroom								
Cottage/House	1,538	5%	1,585	3%	1,648	4%	1813	10%
Assisted Living	3,839	3%	3,954	3%	4,112	4%	4,523	10%
Skilled Living	314/day	4%	327/day	4%	340/day	4%	375/day	10%
Special Care	6,143	5%	6,327	3%	6,580	4%	7,238	10%

Comments from Provider:

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

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

Operating Ratio

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

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

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

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 Attachment for Monthly Care Fee Increase			
	FY2021	FY2022	FY2023
Operating Expenses less depreciation	(11,230,266)		
Operating Expenses less depreciation		(12,414,509)	
Projected Operating Expenses less depreciation			(12,755,243)
Projected Revenue without MCFI			11,395,096
Projected Net Operating without MCFI			(1,360,147)
Projected Revenue with MCFI SNF/AL/IL/MC 10%			12,391,444
Projected Net Operating with MCFI			(363,799)

Adjustments Explained for MCFI

The challenge shifted from covid out breaks to lack of staffing for Artesia Christian home along with inflation and it's increasing costs. Staffing issues revealed itself with a 40% turnover for FY22 across all programs. With this lack of staffing, and staffing burnout, especially in our Skilled Nursing program limited the number of residents we could admit. Census was in the low 40's in a facility that is licensed for 66 beds in Skilled Nursing and the required CMS requirement of 3.5% overall and CNAs 2.4% resident to nurse ratio.

Program census had improved ending FY2022 with 85.1%. Census Goals for FY23 would be 89%.

Along with the staffing needs we saw COLA at 8.6% when budget time came around. Along with a 13% increase for health insurance for our employees, the Board of Directors approved a 2nd year of a 5% wage increase for all staff in support of their hard work and to attempt to retain the employees. Minimum wages increased to \$15.50.

Medi-Cal residents continued to average 50% of our occupancy in Skilled Nursing paying out 80% of our rate.

ACH would keep the conservative spending goal of expenses under \$13M but with lower census the board voted for a 10% rate increase across the board for FY2023 to assist in covering expenses. A very difficult decision but necessary,

Despite the financial challenges, the ongoing goal of Artesia Christian Home was to continue to give the quality care we are known for to our community.

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2]**. Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.
2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.
3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.
4. Check *each* of the appropriate boxes.
5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: "projected costs, prior year per capita costs and economic indicators." Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

FORM 7-1**REPORT ON CCRC MONTHLY CARE FEES**

	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	\$1,406-2,133	\$3,434-5,848	\$6,496-7,795	\$373-424
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	10%	10%	10%	10%

☐ 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: 10/1/2022
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

☒ Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.

☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

Date of Notice: 7/28/2022 **Method of Notice:** Letter via email, USPS

☒ 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:** 7/26/2022

☒ 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 distributed the documents to all residents by [Optional - check all that apply]:

☐ Emailed the documents to those residents for whom the provider had email addresses on file

☐ Placed hard copies in resident cubby

☐ Placed hard copies at designated locations

☒ Provided hard copies to residents upon request, and/or

☒ Other: [please describe] mail boxes

☐ **Date of Notice:** 7/12/2022

- ☒ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: 7/12/2022

- ☒ 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: 7/12/2022 **Location of Posting:** Assisted Living Bulletin Board

- ☒ Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.

Date of Posting: 7/12/2022 **Location of Posting:** IL Club House/AL Bulletin Board/Mailboxes

5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: Artesia Christian Home, Inc.

COMMUNITY: Artesia Christian Home

KEY INDICATORS REPORTDate Prepared: 2/29/2024Provider Name: Artesia Christian Home, Inc.***Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.***


Chief Executive Officer Signature

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

3. Net Operating Margin - Adjusted (%)

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

5. Days Cash on Hand (Unrestricted)

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees (\$000)

7. Net Annual E/F proceeds (\$000)

8. Unrestricted Net Assets (\$000)

9. Annual Capital Asset Expenditure (\$000)

10. Annual Debt Service Coverage
Revenue Basis (x)

11. Annual Debt Service Coverage (x)

12. Annual Debt Service/Revenue (%)

13. Average Annual Effective Interest Rate (%)

14. Unrestricted Cash & Investments/
Long-Term Debt (%)

15. Average Age of Facility (years)

	2019	2020	2021	2022	2023	Projected 2024	Forecast				Preferred Trend Indicator
	2025	2026	2027	2028							
95	85	85	85	88	89	90	90	90	90	90	N/A
.23	-6.36	-6.36	-5.39	-9.19	-7.97	-7.97	-7.97	-7.97	-7.97	-7.97	↑
.23	-6.36	-6.36	-5.39	-9.19	-7.97	-7.97	-7.97	-7.97	-7.97	-7.97	↓
2,694,844	4,250,229	4,424,223	3,280,735	2,510,013	2,585,313	2,662,873	2,742,759	2,825,042	2,909,793		↑
86	129	144	96	68	68	68	68	68	68	68	↑
0	0	0	0	0	0	0	0	0	0	0	N/A
0	0	0	0	0	0	0	0	0	0	0	N/A
13724709	14711750	14885145	13838130	13068938	13461006	13864836	14280781	14709205	15150481		N/A
291,351	474,656	147,873	301,196	318,181	327,726	337,558	347,685	358,116	368,859		N/A
0	0	0	0	0	0	0	0	0	0	0	↑
0	0	0	0	0	0	0	0	0	0	0	↑
0	0	0	0	0	0	0	0	0	0	0	↓
0	0	0	0	0	0	0	0	0	0	0	↓
0	0	0	0	0	0	0	0	0	0	0	↑
13.12	13.89	14.72	15.11	15.65	15.65	15.65	15.65	15.65	15.65	15.65	↓