

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: December 31, 2022

PROVIDER(S):

Monte Vista Grove Homes

CCRC(S):

Monte Vista Grove Homes

PROVIDER CONTACT PERSON:

Kim Houser

TELEPHONE NUMBER:

626-389-6436

E-MAIL ADDRESS:

khouser@mvgh.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: \$3,820.00
 - ☐ 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.

Continuing Care Provider Fee Fund

Check Date: May 25, 2023

Check Amount: \$3,820.00

Discount Taken: Amount Paid

Item to be Paid	Description
Ann Provider	3,820.00

MONTE VISTA GROVE HOMES

2889 SAN PASQUAL STREET
PASADENA, CA 91107
PH (626) 796-6135 • FAX (626) 389-6475



90-3414/1222

10607

PAY Three Thousand Eight Hundred Twenty and 00/100 Dollars

DATE May 25, 2023

AMOUNT 3,820.00

TO THE
ORDER
OF

Continuing Care Provider Fee Fund
Cont Care Contr Branch-CA DSS
744 P Street, M.S. 10-90
Sacramento, CA 95814



AUTHORIZED SIGNATURE

⑈000010607⑈ ⑈122234149⑈0241107655⑈

FORM 1-1:RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	22
[2]	Number at end of fiscal year	22
[3]	Total Lines 1 and 2	44
		x.50
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	
[5]	Mean number of continuing care residents	22
All Residents		
[6]	Number at beginning of fiscal year	37
[7]	Number at end of fiscal year	40
[8]	Total Lines 6 and 7	77
		x.50
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	
[10]	Mean number of <i>all</i> residents	38.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.57

PROVIDER: Monte Vista Grove HomesCOMMUNITY: Monte Vista Grove Homes

FORM 1-2: ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	7,708,790.00
[a] Depreciation	1,007,791.00
[b] Debt Service (Interest Only)	0.00
[2] Subtotal (add Line 1a and 1b)	1,007,791.00
[3] Subtract Line 2 from Line 1 and enter result.	6,700,999.00
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.57
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	3,819,569.00
[6] Total Amount Due (multiply Line 5 by .001)	\$ 3,820.00
PROVIDER: <u>Monte Vista Grove Homes</u>	
COMMUNITY: <u>Monte Vista Grove Homes</u>	

Monte Vista Grove Homes
Two-Way Reconciliation
Total Operating Expenses

Total Operating Expenses per Audited Consolidated Statement of Functional Expenses	9,165,894
-- Less: Independent Living Expenses before depreciation not allocable to CCRC residents per Audited Consolidated Financial Statements (Statements of Functional Expenses)	(2,176,793)
-- Plus: Independent Living Depreciation expense not allowable to CCRC residents per Audited Consolidated Financial Statements (Statements of Functional Expenses)	<u>719,689</u>
Total Operating Expenses allocable to CCRC Residents to Form 1-2, Line [1]	<u><u>7,708,790</u></u>
Futher Deduction from Operating Expenses for Form 5-4	
-- Less % Allocable to Non-CCRC residents	
Total Operating Expenses allocable to CCRC Residents	7,708,790
-- Less Form 5-1, Interest paid on long-term debt during the fiscal year	-
-- Less Form 5-4, Line 2 c.- Depreciation	<u>(1,007,791)</u>
Sub-Total of Operating Expenses to be Allocated to Non-CCRC residents	6,700,999
CCRC average population for 2022	<u>57.00%</u>
to Form 1-2, Line [5]	<u><u>3,819,569</u></u>



2889 San Pasqual Street, Pasadena, California 91107

Phone: (626) 796-6135

Fax: (626) 796-9753

Website: www.mvgh.org

June 7, 2023

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 10-90
Sacramento, California 95814

To the Continuing Care Contracts Branch
of the California Department of Social Services:

In accordance with Section 1790 of the Health and Safety Code, I hereby certify that the enclosed annual audited financial statements and Annual Report for reserve and reporting requirements for continuing care retirement communities are true and correct to the best of my knowledge.

I further certify that the contracts currently in use for new residents at Monte Vista Grove Homes have been approved by the Department of Social Services.

Finally, as of the date indicated above, I certify that Monte Vista Grove Homes is maintaining the required liquid reserve indicated on Form 5-5 of the Annual Report.

Monte Vista Grove Homes does not have "Refundable Contracts" as defined by the State of California Continuing Care Statutes; therefore the "Refund Reserve" requirement under the Health and Safety Code Section 1792.6 does not apply.

Sincerely,

A handwritten signature in black ink, appearing to read 'Deborah Herbert', with a stylized flourish at the end.

Deborah Herbert
Chief Executive Officer



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/9/2020

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
Arthur J. Gallagher & Co.
Insurance Brokers of CA, Inc. LIC #0726293
700 W Center
Visalia CA 93291

CONTACT NAME: Vicki Smallwood
PHONE (A/C No. Ext): 559-733-7272 FAX (A/C No.): 559-733-5612
E-MAIL ADDRESS: Vicki.Smallwood@afg.com

INSURER(S) AFFORDING COVERAGE

NAIC #

INSURER A: Travelers Casualty and Surety Company

19038

INSURER B:

INSURER C:

INSURER D:

INSURER E:

INSURER F:

INSURED
Monte Vista Grove Homes
2889 San Pasqual Street
Pasadena, CA 911075364

COVERAGES

CERTIFICATE NUMBER: 104398502

REVISION NUMBER:

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 SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY					
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR					EACH OCCURRENCE \$
						DAMAGE TO RENTED PREMISES (Ea occurrence) \$
						MED EXP (Any one person) \$
						PERSONAL & ADV INJURY \$
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE \$
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					PRODUCTS - COMP/OP AGG \$
	OTHER:					\$
	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO					BODILY INJURY (Per person) \$
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					PROPERTY DAMAGE (Per accident) \$
						\$
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR				EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE				AGGREGATE \$
	DED <input type="checkbox"/> RETENTION \$					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y <input type="checkbox"/> N				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				E.L. DISEASE - EA EMPLOYEE \$
						E.L. DISEASE - POLICY LIMIT \$
A	Employee Dishonesty		106487288	12/1/2019	12/1/2022	Fidelity Coverage \$100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
CA Health & Safety Code Section 1789.8 - Compliance of Employee Dishonesty/Fidelity Coverage
Continuing Care Contract Requirements

CERTIFICATE HOLDER

CANCELLATION

Verification of Employee Dishonesty/Fidelity Coverage
California Health & Safety Code Section 1789.8
USA

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



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/30/2023

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 Arthur J. Gallagher Risk Management Services, LLC 500 N Santa Fe Visalia CA 93292	CONTACT NAME: PHONE (A/C, No, Ext): 559-733-7272 FAX (A/C, No): 559-733-5612 E-MAIL ADDRESS:
INSURED Monte Vista Grove Homes 2889 San Pasqual Street Pasadena CA 91107-5364	INSURER(S) AFFORDING COVERAGE INSURER A: Travelers Casualty and Surety Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
License#: 0D69293 MONTVIS-09	NAIC # 19038

COVERAGES

CERTIFICATE NUMBER: 364126204-

REVISION NUMBER:

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 SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$	
	AUTOMOBILE LIABILITY ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/>					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$	
	UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below					PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$	
A	Employee Dishonesty	N	N	106487258	12/1/2022	12/1/2025	Fidelity \$100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

Verification of Employee Dishonesty/Fidelity Coverage
California Health & Safety Code Section 1789.8
USA

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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Consolidated Financial Statements
December 31, 2022 and 2021

Monte Vista Grove Homes & Subsidiary

Monte Vista Grove Homes & Subsidiary

Table of Contents

December 31, 2022 and 2021

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	11



Independent Auditor's Report

To the Board of Trustees
Monte Vista Grove Homes & Subsidiary
Pasadena, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Monte Vista Grove Homes & Subsidiary (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its operations, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit for the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Information

Management is responsible for the other information included in the California Department of Social Services Annual Report. The other information comprises the Forms 1-1, 1-2, and 7-1, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Eide Bailly LLP

Pasadena, California
May 15, 2023

Monte Vista Grove Homes & Subsidiary

Consolidated Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 404,585	\$ 182,779
Accounts receivable, net	998,095	735,216
Promises to give	9,525	28,543
Current maturities of note receivable	44,816	43,493
Prepaid expenses and other assets	210,778	368,167
Total current assets	1,667,799	1,358,198
Noncurrent Assets		
Restricted cash	56,000	75,417
Investments	11,574,570	15,155,510
Long-term promises to give, net	-	4,369
Note receivable, less current maturities	1,932,741	1,977,557
Property and equipment, net	12,103,775	10,015,966
Operating lease right-of-use assets	94,909	-
Master development plan	-	78,886
Split-interest agreements	50,512	59,362
Beneficial interests in perpetual trusts	357,149	440,551
Other assets	953	1,148
Total noncurrent assets	26,170,609	27,808,766
Total assets	\$ 27,838,408	\$ 29,166,964
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 698,363	\$ 246,653
Accrued payroll and employee benefits	377,940	365,574
Current maturities of operating lease liabilities	21,746	-
Refundable and repayable entrance fees, current	95,600	-
Refundable advance	432,491	-
Total current liabilities	1,626,140	612,227
Noncurrent Liabilities		
Refundable and repayable entrance fees, net of current portion	761,112	761,112
Deferred revenue from entrance fees	2,940,225	1,951,087
Operating lease liabilities, less current maturities	72,902	-
Deposits and other liabilities	303,269	263,736
Total noncurrent liabilities	4,077,508	2,975,935
Total liabilities	5,703,648	3,588,162
Net Assets		
Without donor restrictions	19,055,148	22,911,805
With donor restrictions	3,079,612	2,666,997
Total net assets	22,134,760	25,578,802
Total liabilities and net assets	\$ 27,838,408	\$ 29,166,964

See Notes to Consolidated Financial Statements

Monte Vista Grove Homes & Subsidiary

Consolidated Statements of Operations
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues, Gains, and Other Support Without Donor Restrictions		
Operating Revenues		
Skilled Nursing	\$ -	\$ 1,893,572
Enhanced Assisted Living	1,626,987	-
Assisted Living	512,047	544,313
Independent Living	1,391,232	1,221,467
Memory Care	793,957	753,509
Ancillary services	62,811	520,240
Dietary	1,013,089	1,061,839
Wellness	1,510	1,170
Amortization of entrance fees	460,876	199,825
Other revenue	301,635	147,261
Contribution - Paycheck Protection Program loan	-	951,000
Contributions - residents	451,828	440,841
Contributions - others	348,060	784,675
COVID-19 funding programs	7,403	224,275
Realized gains on investments	317,660	938,464
Investment income, net	206,070	179,298
Interest income - note receivable	60,121	61,899
Distributions from beneficial interests in perpetual trusts	18,680	14,565
Loss on disposal of property and equipment	(11,073)	(8,415)
Net assets released from restrictions, used for operations	90,095	2,517,420
Total operating revenues	7,652,988	12,447,218
Operating Expenses		
Skilled Nursing	-	3,067,356
Enhanced Assisted Living	2,150,923	-
Assisted Living	582,471	392,612
Independent Living	1,653,376	1,527,622
Memory Care	969,521	754,891
Dietary	1,745,078	1,677,822
Housekeeping	482,051	489,955
Wellness	171,516	155,591
Management and general	1,231,915	1,642,113
Fundraising	106,167	161,376
COVID-19 expenses	72,876	448,338
Total operating expenses	9,165,894	10,317,676
Total operating income (loss)	(1,512,906)	2,129,542
Other Gains (Losses)		
Unrealized gains (losses) on investments	(2,381,622)	606,283
Impairment of master development plan	(39,443)	-
Total other gains (losses)	(2,421,065)	606,283
Revenues in Excess of (Less Than) Expenses	\$ (3,933,971)	\$ 2,735,825

See Notes to Consolidated Financial Statements

Monte Vista Grove Homes & Subsidiary
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2022 and 2021

	2022	2021
Net Assets Without Donor Restrictions		
Revenues in excess of (less than) expenses	\$ (3,933,971)	\$ 2,735,825
Net assets released from restrictions, used for purchase of property and equipment	<u>77,314</u>	<u>155,641</u>
Change in net assets without donor restrictions	<u>(3,856,657)</u>	<u>2,891,466</u>
Net Assets With Donor Restrictions		
Contributions - residents	35,219	38,257
Contributions - others	712,647	2,561,699
In-kind contributions - residents	84,001	85,367
Realized gains on investments	13,924	6,215
Investment income, net	62,646	59,793
Unrealized gains (losses) on investments	(235,966)	8,257
Change in value of split-interest agreements	(8,850)	3,900
Change in value of beneficial interests in perpetual trusts	(83,402)	59,350
Other gains (losses)	(195)	136
Net assets released from restrictions, used for operations	(90,095)	(2,517,420)
Net assets released from restrictions, used for purchase of property and equipment	<u>(77,314)</u>	<u>(155,641)</u>
Change in net assets with donor restrictions	<u>412,615</u>	<u>149,913</u>
Change in Net Assets	<u>(3,444,042)</u>	<u>3,041,379</u>
Net Assets, Beginning of Year	<u>25,578,802</u>	<u>22,537,423</u>
Net Assets, End of Year	<u><u>\$ 22,134,760</u></u>	<u><u>\$ 25,578,802</u></u>

Monte Vista Grove Homes & Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services			
	Enhanced Assisted Living	Assisted Living	Independent Living	Memory Care	Total	Management and General	Fundraising	Total
Salaries and employee benefits	\$ 2,279,834	\$ 703,477	\$ 729,295	\$ 1,080,088	\$ 4,792,694	\$ 806,844	\$ 105,601	\$ 912,445
Depreciation	121,583	20,807	719,689	128,302	990,381	17,388	22	17,410
Professional fees and purchased services	171,175	58,848	221,460	54,995	506,478	232,610	4,699	237,309
Food	114,649	75,836	98,153	61,834	350,472	6,468	782	7,250
Assessment and insurance	69,771	35,836	142,355	29,829	277,791	55,227	10,002	65,229
Utilities	84,023	44,272	128,695	27,660	284,650	16,555	121	16,676
Supplies and equipment rental	111,989	30,670	45,231	26,562	214,452	28,596	556	29,152
Sundry	53,856	19,298	26,738	16,299	116,191	28,183	20,760	48,943
Residential financial aid	112,736	-	-	-	112,736	-	-	-
Facility operations, repairs and maintenance	4,293	1,329	51,784	1,011	58,417	152	8	160
Telephone	22,499	8,260	8,596	1,894	41,249	10,146	608	10,754
Provision for doubtful accounts	23,523	2,803	-	-	26,326	-	-	-
Education	8,190	3,894	4,492	4,271	20,847	3,552	1,440	4,992
Printing and postage	325	185	239	148	897	6,417	522	6,939
Travel and entertainment	3,507	133	66	533	4,239	3,115	301	3,416
Advertising	-	-	-	-	-	7,333	-	7,333
Interest	-	-	-	-	-	66	-	66
	<u>\$ 3,181,953</u>	<u>\$ 1,005,648</u>	<u>\$ 2,176,793</u>	<u>\$ 1,433,426</u>	<u>\$ 7,797,820</u>	<u>\$ 1,222,652</u>	<u>\$ 145,422</u>	<u>\$ 1,368,074</u>
								<u>\$ 9,165,894</u>

See Notes to Consolidated Financial Statements

Monte Vista Grove Homes & Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services		
	Skilled Nursing	Assisted Living	Independent Living	Memory Care	Total	Management and General	Fundraising
Salaries and employee benefits	\$ 2,879,894	\$ 761,726	\$ 873,481	\$ 1,021,000	\$ 5,536,101	\$ 679,067	\$ 135,362
Depreciation	127,492	20,169	747,950	128,224	1,023,835	22,088	48
Professional fees and purchased services	433,953	69,045	174,629	77,161	754,788	236,345	4,209
Food	134,692	79,503	103,431	59,049	376,675	7,333	1,930
Assessment and insurance	204,534	26,396	123,349	17,820	372,099	56,130	10,355
Utilities	93,156	42,245	114,569	25,447	275,417	16,167	256
Supplies and equipment rental	196,007	26,879	47,528	33,254	303,668	35,166	1,106
Sundry	27,556	15,735	11,137	8,067	62,495	37,301	39,931
Residential financial aid	75,697	-	-	-	75,697	-	-
Facility operations, repairs and maintenance	2,687	1,305	39,567	1,295	44,854	419	-
Telephone	16,039	5,638	7,380	1,141	30,198	8,924	608
Provision for doubtful accounts	40,520	-	-	-	40,520	-	-
Education	2,996	1,180	1,633	998	6,807	7,485	582
Printing and postage	386	228	296	178	1,088	20,792	7,615
Travel and entertainment	2,753	848	892	672	5,165	3,036	227
Advertising	-	-	-	-	-	5,450	-
Interest	-	-	-	-	-	70,337	-
	\$ 4,238,362	\$ 1,050,897	\$ 2,245,842	\$ 1,374,306	\$ 8,909,407	\$ 1,206,040	\$ 202,229
						\$ 1,408,269	\$ 10,317,676

See Notes to Consolidated Financial Statements

Monte Vista Grove Homes & Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Cash received from residents for monthly services	\$ 5,230,763	\$ 5,885,040
Cash received from residents for entrance fees	1,354,076	763,126
Investment income received	328,837	272,581
Contributions received	892,991	3,753,674
Other	301,635	147,261
Cash paid to employees and suppliers	(7,618,963)	(9,328,071)
Cash received from distributions from beneficial interests in perpetual trusts	18,680	14,565
Cash received from COVID-19 funding programs	439,894	224,275
Interest paid	(66)	(70,337)
Net Cash from Operating Activities	947,847	1,662,114
Investing Activities		
Purchase of property and equipment	(2,764,537)	(978,487)
Proceeds from sale of property and equipment	2,500	-
Principal payments of note receivable	43,493	26,951
Purchase of investments	(4,853,076)	(4,575,571)
Proceeds from sale of investments	6,148,012	5,668,143
Net Cash from (used for) Investing Activities	(1,423,608)	141,036
Financing Activities		
Contributions restricted for purchasing property and equipment	678,150	171,138
Repayments under line of credit	-	(2,567,736)
Net Cash from (used for) Financing Activities	678,150	(2,396,598)
Net Change in Cash and Cash Equivalents and Restricted Cash	202,389	(593,448)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	258,196	851,644
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 460,585	\$ 258,196
Cash and Cash Equivalents	\$ 404,585	\$ 182,779
Restricted Cash	56,000	75,417
Total cash and cash equivalents and restricted cash	\$ 460,585	\$ 258,196
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Construction in progress costs financed through accounts payable and accrued expenses	\$ 221,192	\$ -
Master development plan transferred to property and equipment	\$ 39,443	\$ -

See Notes to Consolidated Financial Statements

Monte Vista Grove Homes & Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (3,444,042)	\$ 3,041,379
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of entrance fees	(460,876)	(199,825)
Change in value of split-interest agreements	8,850	(3,900)
Change in value of beneficial interests in perpetual trusts	83,402	(59,350)
Other (gains) losses	195	(136)
Realized and unrealized (gains) losses on investments	2,286,004	(1,559,219)
Loss on disposal of property and equipment	11,073	8,415
Impairment of master development plan	39,443	-
Noncash contributions	(84,001)	(85,367)
Contribution - Paycheck Protection Program loan	-	(951,000)
Provision for doubtful accounts	26,326	40,520
Depreciation	1,007,791	1,045,971
Contributions restricted for purchasing property and equipment	(678,150)	(171,138)
Changes in assets and liabilities		
Accounts receivable	(289,205)	113,723
Promises to give	23,387	99,340
Prepaid expenses and other assets	157,389	(58,284)
Operating lease assets and liabilities	(261)	-
Accounts payable and accrued expenses	230,518	(64,241)
Accrued payroll and employee benefits	12,366	(120,395)
Deferred interest income	-	(28,409)
Refundable advance	432,491	-
Refundable and repayable entrance fees and deferred revenue from entrance fees	1,545,614	707,064
Deposits and other liabilities	39,533	(93,034)
Net Cash from Operating Activities	<u>\$ 947,847</u>	<u>\$ 1,662,114</u>

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

Monte Vista Grove Homes (MVGH) is a senior community established in 1924 by the Synod of California. MVGH is a nonprofit California corporation dedicated to providing a retirement community primarily for the benefit of retired Teaching Elders (Ministers), missionaries, Certified Christian Educators, Certified Musician Associates, and Commissioned Ruling Elders of the Presbyterian Church (USA) and their spouses (qualified applicants). MVGH has independent living available to qualified applicants. The facility includes approximately 81 individual apartments (75 are being actively used for Independent Living and 6 are for being used for other purposes), a 16-apartment assisted living facility Residential Care Facility for the Elderly (RCFE)) with a lounge and nursing station, a 10-bedroom memory care assisted living facility (RCFE) with a great room and kitchen, and (until December 30, 2021) a 40-bed Medicare-certified skilled nursing facility (SNF), which provided skilled nursing and custodial care. On December 29, 2021 MVGH surrendered its Skilled Nursing license to the Department of Public Health. As of December 30, 2021, the RCFE (assisted living) license was expanded to include the 40, former SNF beds, for bedridden/wheelchair bound residents who need more assistance with activities of daily living. Assisted living, memory care, enhanced assisted living (beginning December 30, 2021) and skilled nursing (through December 29, 2021) were/are available to MVGH's residents and the surrounding community at the per diem rate in effect at the time services are rendered; and beginning in 2013, these services are available to qualified applicants under a Continuing Care Retirement Community (CCRC) contract.

On January 1, 2013, MVGH received its Provisional Certificate of Authority (PCOA) to enter into CCRC contracts in accordance with the provisions of the Health and Safety Code of the State of California, and on September 8, 2014, MVGH received its Certificate of Authority. The certification applies to the assisted living and, and until December 30, 2021, the skilled nursing portions of the campus only. The Certificate of Authority allows MVGH to offer CCRC contracts to incoming qualified applicants.

A requirement of this partial licensure was to create a separation between the independent living and the CCRC (RCFE and SNF) portions of the campus. To meet this requirement, MVGH re-organized the independent living portion of the campus as The Grove Campus, LLC (a California LLC) (the LLC) on September 4, 2012. The LLC operates the unlicensed senior housing apartments (independent living) only.

Principles of Consolidation

The consolidated financial statements include the accounts of MVGH and its wholly owned subsidiary, The Grove Campus, LLC, hereinafter referred to collectively as the "Organization". All significant intercompany accounts and transactions have been eliminated in consolidation.

Change in Accounting Principles

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840, as applicable.

The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the consolidated statement of operations as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lessee lease accounting guidance, the Organization recognized on January 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to net assets, operating lease liabilities of \$109,601 and operating right-of-use assets of \$109,601. The adoption of the new standard did not materially impact the Organization's consolidated statements of operations or statements of cash flows. See Note 9 for further disclosure of the Company's lease contracts. The adoption of the new lessor lease accounting guidance did not significantly impact how the Organization accounts for its current lease contracts.

As of January 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis because it provides increased and more transparent disclosure around contributed nonfinancial assets.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Restricted Cash

Restricted cash on the consolidated statements of financial position represents amounts from donor restricted contributions for the acquisition of property and equipment.

Accounts Receivable

The Organization carries its accounts receivable at cost less allowance for uncollectable accounts. The Organization provides for an allowance for uncollectable accounts based on management's assessment of the collectability of existing specific accounts, a history of past write-offs, and collections. Accounts receivable are written off as uncollectable at the time management determines that collection is unlikely.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset applicable to the year in which the promise was received. In subsequent years, amortization of the discounts is included in contributions in the consolidated statements of changes in net assets. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. No allowance for uncollectable promises to give has been established as of December 31, 2022 and 2021, as management believes that the remaining promises are fully collectable.

Intentions to Give

From time to time, the Organization is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established nor have they been recognized in the accompanying consolidated financial statements.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of operations and consolidated statements of changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the consolidated statements of operations. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Construction in progress consists of costs incurred on remodel projects. Depreciation starts once the related assets are placed in service.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions, and are excluded from the performance indicator, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Once the long-lived assets are acquired and placed into service, and if there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met and the net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of property and equipment are appropriate. No impairment was identified for the years ended December 31, 2022 and 2021.

Master Development Plan

Master Development Plan (the Master Plan) is related to costs incurred for future development of the campus to expand the Organization's ability to serve additional residents and enhance the quality of life for existing residents. These costs included fees for plan development, tree inventory survey/map work, architectural services, legal services, and consultation.

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of the Master Plan are appropriate. During 2022, a portion of the costs pertaining to the Master Development Plan were capitalized and it was determined that the remaining previously capitalized costs were no longer realizable. As a result, \$39,443 was written off in 2022. No impairment was identified for the year ended December 31, 2021. As of December 31, 2021, the capitalized costs totaled \$78,886.

Assets Held Under Split-Interest Agreements

The Organization is a beneficiary of several charitable lifetime income gifts. The charitable lifetime income gifts provide one or more individuals income for his or her lifetime or a period of years, after which the remaining funds will either be distributed to the Organization or used to establish a permanent fund at the Presbyterian Church (USA) Foundation, from which income will be distributed to the Organization. These amounts are recorded at present value, which represents the current fair market value of the account, reduced by the estimated actuarial liability necessary to meet the future payments to the life income beneficiaries. The portion of the gift attributable to the present value of the future benefits to be received by the Organization is recorded in the consolidated statements of changes in net assets as contributions with donor restrictions in the period the gift is established.

Beneficial Interests in Perpetual Trusts

The Organization has been named as an irrevocable beneficiary of several perpetual trusts held and administered by an independent trustee (the Presbyterian Church (USA) Foundation). Perpetual trusts provide for the distribution of the net income of the trusts to the Organization; however, the Organization will never receive the assets of the trusts.

At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statements of changes in net assets and a beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions recognized in the consolidated statements of operations, and changes in fair value recognized in the consolidated statements of changes in net assets.

Deferred Revenue from Entrance Fees and Refundable and Repayable Entrance Fees

For the right to become a continuing care resident of the extended care facilities at the Organization, residents are required to pay an entrance fee, a portion of which may be refundable based upon the contract terms.

Under the Organization's Amortized Entrance Fee Option contract, the entrance fee is refundable pro-rata if a continuing care resident should leave within five years from admission as follows:

1. During the first 150 days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy is longer than the 90-day cancellation period and up to five years, the Organization retains 1/60th of the entrance fee for each month of residency or portion thereof. However, the minimum entrance fee retained by the Organization for any termination after the 90-day cancellation period shall be 10% of the entrance fee.
3. No refunds are made after sixty months.

The Organization amortizes entrance fees over the resident's expected life, and a liability is recognized for the expected amount that will be refunded to those residents who will not remain at the facility for the stipulated time.

Under the Organization's 90% Repayment Option contract, the entrance fee is refundable as follows:

1. During the first 150 days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy terminates subsequent to the 90-day cancellation period, the resident will receive a reoccupancy benefit equal to 90% of the paid entrance fees once the resident's unit is re-occupied by another resident.

The Organization amortizes 10% of the paid entrance fee over the resident's expected life and a liability is recorded for the remaining 90% of the entrance fee.

Under the Organization's 75% Repayment Option contract, the entrance fee is refundable as follows:

1. During the first 150 days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy terminates subsequent to the 90-day cancellation period, the resident will receive a reoccupancy benefit equal to 75% of the paid entrance fees once the resident's unit is re-occupied by another resident.

The Organization amortizes 25% of the paid entrance fee over the resident's expected life and a liability is recorded for the remaining 75% of the entrance fee.

Under all contracts, the refund is reduced by any unpaid fees and any costs of refurbishing the unit, as defined in the contracts. Contractually refundable entrance fees, included in refundable and repayable entrance fees and deferred revenue from entrance fees in the accompanying consolidated statement of financial position, were approximately \$2,829,000 and \$1,959,000 at December 31, 2022 and 2021, respectively.

Obligation to Provide Future Services and Use of Facilities to Current Residents

If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. The Organization's computation has been made which indicated that as of December 31, 2022 and 2021, the estimated amounts received or to be received from current continuing care residents will exceed the estimated costs of providing future services and use of facilities to those residents. Consequently, no liability is shown on the consolidated statement of financial position.

The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the years ended December 31, 2022 and 2021.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At December 31, 2022, the total net assets without donor restrictions of \$19,055,148 include a Board-designated component of the Quality of Life Endowment Fund totaling \$856,319. At December 31, 2021, the total net assets without donor restrictions of \$22,911,805 include a Board-designated component of the Quality of Life Endowment Fund totaling \$999,787.

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports unconditional contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and consolidated statements of changes in net assets as net assets released from restrictions. The Organization reports contributions for all restricted activity that were initially classified as conditional contributions as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

Revenue Recognition

Skilled Nursing

Until the Organization surrendered its skilled nursing license on December 29, 2021, skilled nursing revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing care. These amounts are due from residents, third-party payors (including health insurers and government programs) and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews, and investigations.

Monte Vista Grove Homes & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

The Organization bills private pay residents and third-party payors in the month following in which services were provided. Revenue is recognized in the month in which the performance obligations are satisfied.

Revenue for skilled nursing performance obligations satisfied over time is recognized based on actual charges incurred. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the skilled nursing facility. The Organization measures the performance obligation from admission into the skilled nursing facility to the point when it is no longer required to provide health care services to that resident, which is typically at the time of discharge. The Organization determines the transaction price based on standard charges for goods and services provided reduced by contractual adjustments provided to third-party payors. The Organization determines their estimate of contractual adjustments based on contractual agreements and historical experience.

A summary of the payment arrangements with major third-party payors is as follows:

Medicare - Certain health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, or other factors. Certain services are paid based on cost reimbursement methodologies subject to certain limits. Rehabilitation services are paid based upon established fee schedules.

Secondary Insurance - Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by adjusting the standard charge with contractual adjustments determined on a resident by resident basis. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to skilled nursing revenue in the period of the change. 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.

The following table shows skilled nursing revenue by payors for the years ended December 31, 2022 and 2021:

	2022	2021
Private payors	\$ -	\$ 1,673,814
Medicare and other insurance	-	219,758
	<u>\$ -</u>	<u>\$ 1,893,572</u>

Ancillary Services

The Organization also provides ancillary services to residents as needed. Ancillary services are billed in the month following in which services were provided. Revenue is recognized in the month in which the performance obligations are satisfied.

The Organization determines the transaction price based on standard charges for goods and services provided reduced by contractual adjustments. The Organization determines their estimate of contractual adjustments based on contractual agreements and historical experience.

Resident Services

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for the services provided. The Organization provides senior living services to residents for a stated per diem or monthly fee. The Organization recognizes revenue for senior living services for enhanced assisted living, assisted living, independent living, and memory care in accordance with the provisions of Accounting Standards Codification 842, *Leases* (ASC 842).

The Organization bills private pay residents in the month following in which services were provided. Revenue is recognized in the month in which the performance obligations are satisfied.

Amortization of Entrance Fees

Revenue from nonrefundable entrance fees received is recognized on a straight-line basis over the actuarially-based estimated life of each resident, which approximates the period of time the goods and services under the agreements that are expected to be transferred to residents.

Contributions and Special Events

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

As of December 31, 2022 and 2021, conditional contributions totaling \$500,000 and \$1,000,000, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

The Organization includes gross revenues from special events with total contributions and gross expenses from special events with total fundraising expenses, in the accompanying consolidated statements of operations. There were no special events held in 2022. The total gross revenues from special events were \$136,707 for 2021. The total gross expenses for special events were \$33,112 for 2021.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America (U.S. GAAP). Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received (Note 15).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated statements of operations report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that cannot be directly attributed to a specific program area are charged to individual program areas based on the most appropriate allocation base, such as time and effort.

Performance Indicator

Revenues in excess of (less than) expenses is the performance indicator. The performance indicator excludes contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Income Taxes

MVGH is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. MVGH is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, MVGH is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. MVGH determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The LLC is organized as a nonprofit limited liability company in the State of California. The LLC has not applied for its own tax exemption for income tax purposes because it is a disregarded entity. While the LLC is disregarded for federal income tax purposes, it is still subject to the California annual minimum tax and the annual fee. Nonprofit organizations are generally not liable for taxes on income; therefore, other than the California annual minimum tax and annual fee related to the LLC, no provision is made for such taxes in the consolidated financial statements in accordance with U.S. GAAP.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. MVGH and the LLC would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and cash equivalents and investments with financial institutions believed to be creditworthy. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

The Organization maintains its cash and cash equivalents in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, no balances exceeded of FDIC-insured limits. At December 31, 2021, the Organization had \$66,933 in excess of FDIC-insured limits.

Recent Accounting Guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-13, Financial Instruments – *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss method of estimating credit losses with an expected loss method referred to as the current expected credit loss (CECL) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. Under the CECL model, an entity measures all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The standard expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and leases losses. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. ASU 2016-13 is effective for the Organization in its annual reporting period beginning after December 15, 2022. The Organization is currently evaluating the impact the new standard will have on its consolidated financial statements and related disclosures.

Note 2 - Liquidity and Availability of Resources

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

	2022	2021
Cash and cash equivalents	\$ 370,535	\$ 181,670
Accounts receivable, net	998,095	735,216
Promises to give	9,525	28,543
Current maturities of note receivable	44,816	43,493
	<u>\$ 1,422,971</u>	<u>\$ 988,922</u>

Monte Vista Grove Homes & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a revolving line of credit of \$500,000, which it can draw upon (see Note 8). Additionally, the Organization could liquidate investments that are without donor restrictions (including their Board-designated fund) totaling \$9,682,690 and \$13,066,100 as of December 31, 2022 and 2021, respectively. Although the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note 3 - Accounts Receivable

As of December 31, 2022 and 2021, the Organization's accounts receivable and allowance for doubtful accounts were as follows:

	2022	2021
Accounts receivable	\$ 1,000,898	\$ 762,201
Less allowance for uncollectable accounts	(2,803)	(26,985)
	<u>\$ 998,095</u>	<u>\$ 735,216</u>

Note 4 - Promises to Give

As of December 31, 2022 and 2021, unconditional promises to give were as follows:

	2022	2021
Due within one year	\$ 9,525	\$ 28,543
Due in one to five years	-	4,500
Less discount to present value at 3%	-	(131)
	<u>\$ 9,525</u>	<u>\$ 32,912</u>

Note 5 - Note Receivable

In 1989, the Organization received a gift of an \$800,000 (99% limited partnership interest in the Faulding Hotel, Inc.), an affiliate of the Santa Barbara Community Housing Corporation (SBCHC). The partnership was formed to own and operate the Faulding Hotel for low-income seniors and others eligible for assistance under either State or Federal programs. In 1990, to enable SBCHC to issue bond financing for improvements to the Faulding Hotel, MVGH exchanged its limited partnership interest for an \$800,000 Shared Appreciation Promissory Note (Note) with 6% interest per annum, payable annually. The Note is subordinate to debt owed to several entities of the City of Santa Barbara and the County of Santa Barbara. The Note was due on December 12, 2016. In September 2017, the Faulding Hotel, Inc., and the Organization entered into an agreement, which revised the terms of the note receivable. As part of the revised terms, the principal amount of the note receivable was increased to \$2,048,000.

Monte Vista Grove Homes & Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

	2022	2021
\$2,048,000 note receivable from Faulding Hotel, Inc., bearing interest at 3% per annum. Payments of principal and interest of \$8,634 to be made in monthly installments beginning on June 1, 2021, maturing on May 1, 2051. The note receivable is secured by the Deed of Trust of the property and is subordinate to other loans on the property.	\$ 1,977,557	\$ 2,021,050
Less current maturities	(44,816)	(43,493)
	<u>\$ 1,932,741</u>	<u>\$ 1,977,557</u>

Note 6 - Property and Equipment

Property and equipment consists of the following as of December 31, 2022 and 2021:

	2022	2021
Land and improvements	\$ 1,791,720	\$ 1,784,326
Buildings and improvements	28,408,728	27,453,545
Furniture and equipment	3,866,750	3,845,182
Construction in progress	2,603,770	683,637
	36,670,968	33,766,690
Less accumulated depreciation	(24,567,193)	(23,750,724)
	<u>\$ 12,103,775</u>	<u>\$ 10,015,966</u>

Note 7 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the accompanying consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting the Organization's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Monte Vista Grove Homes & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of an input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of the Organization's investments are classified within Level 1 because they are comprised of investments with readily determinable fair values based on daily redemption values. The Organization's investments in corporate bonds and government and agency obligations are based on an independent pricing service and based on recent sales of similar securities and other observable market data and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis as of December 31, 2022, except those measured at cost as identified in the following:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents (at cost)	\$ 723,743	\$ -	\$ -	\$ -
Equities	6,060,181	6,060,181	-	-
Alternative investments	372,163	372,163	-	-
Government obligations and agencies	1,745,211	-	1,745,211	-
Corporate bonds	2,673,272	-	2,673,272	-
	<u>\$ 11,574,570</u>	<u>\$ 6,432,344</u>	<u>\$ 4,418,483</u>	<u>\$ -</u>
Beneficial interests in perpetual trusts	<u>\$ 357,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,149</u>
Split-interest agreements	<u>\$ 50,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,512</u>

Monte Vista Grove Homes & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis as of December 31, 2021, except those measured at cost as identified in the following:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents (at cost)	\$ 1,467,520	\$ -	\$ -	\$ -
Equities	8,747,591	8,747,591	-	-
Alternative investments	556,704	556,704	-	-
Government obligations and agencies	1,461,469	-	1,461,469	-
Corporate bonds	2,922,226	-	2,922,226	-
	<u>\$ 15,155,510</u>	<u>\$ 9,304,295</u>	<u>\$ 4,383,695</u>	<u>\$ -</u>
Beneficial interests in perpetual trusts	<u>\$ 440,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,551</u>
Split-interest agreements	<u>\$ 59,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,362</u>

Note 8 - Lines of Credit and Available Financing

The Organization has a \$500,000 revolving line of credit with Citizen Business Bank, which is secured by certain investment assets owned by the Organization. The line bears interest based upon Citizen Business Bank's prime rate less 0.75 percentage points. The Organization is required to make monthly interest payments. The interest rate was 6.50% and 3.00% per annum as of December 31, 2022 and 2021, respectively. There were no outstanding borrowings on this line of credit at December 31, 2022 and 2021. The line of credit matures on September 22, 2023.

In 2016, the Organization obtained a \$3,000,000 line of credit with Citizens Business Bank to be used for construction as necessary, which was secured by certain investment assets owned by the Organization. The line bore interest at a variable interest rate based upon the Intercontinental Exchange London Interbank Offer Rate and was not to be less than 3% per annum. The Organization received an interest rate discount of .25% off the effective interest rate if they maintained a demand deposit account and payments were automatically debited from the designated checking account each month. The Organization was required to make monthly interest payments and the line of credit matures on September 22, 2023. The line of credit was paid in full during 2021.

The Organization is required to comply with certain non-financial covenants.

The Organization entered into an agreement with their dining service provider (the Company) effective August 1, 2021. In accordance with the agreement, the Company is willing to invest up to \$500,000 toward improvements of the dining services facility. In the event funds are utilized, the Organization will be charged on a monthly basis over a sixty month period until the Company has been reimbursed for any advances. In the event that the agreement is terminated prior to the completion of the sixty month period, all outstanding advances would be due on demand. \$250,000 was available to the Organization as of August 1, 2021 and an additional \$250,000 was available on August 1, 2022. The Organization has not utilized any of these available funds as of December 31, 2022 and 2021. Subsequent to year-end, the Organization identified outstanding contractor and equipment improvements to the dining services facility that will utilize the entire \$500,000 in 2023.

Note 9 - Leases

The Organization leases certain office equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2027 and provide for renewal options up to three months. The Organization includes in the determination of the right of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Additionally, the operating lease agreement requires the Organization to pay taxes and insurance.

The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the year ended December 31, 2022 were as follows:

Operating lease cost	\$ 22,635
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The following table summarizes the supplemental cash flow information for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 22,688

Right-of-use assets obtained in exchange for lease liabilities	
Operating leases	\$ 6,324

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at December 31, 2022:

Weighted-average remaining lease term	
Operating leases	4.29 Years
Weighted-average discount rate	
Operating leases	1.37%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2022:

<u>Years Ending December 31,</u>	
2023	\$ 22,884
2024	22,884
2025	22,884
2026	21,284
2027	<u>7,478</u>
Total lease payments	97,414
Less interest	<u>(2,766)</u>
Present value of lease liabilities	<u><u>\$ 94,648</u></u>

Note 10 - Paycheck Protection Program

During 2020, the Organization was granted a \$951,000 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the federal government. The Organization has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and a right to return of the PPP loan no longer existed. The Organization has recognized \$951,000 as contribution revenue for the year ended December 31, 2021.

Note 11 - Provider Relief Funds

The Organization received \$432,491 and \$31,809 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS) during 2022 and 2021, respectively. The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

In accordance with ASC 958-605 these funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying consolidated statements of operations as all terms and conditions are considered met. The terms and conditions are subject to interpretation, changes, and future clarification, the most recent of which have been considered through the date that the consolidated financial statements were issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of December 31, 2022, the Organization reported \$432,491 as a refundable advance on the consolidated statements of financial position. During the year ended December 31, 2021, the Organization recognized \$31,809 as revenue, included in COVID-19 funding programs on the consolidated statements of operations.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose or period		
Capital improvements	\$ 745,067	\$ 76,525
Time restrictions	23,246	26,694
Other purposes	34,050	-
Total subject to expenditure for specified purpose or period	802,363	103,219
Endowments		
Quality of Life	1,412,815	1,528,219
Richmond Endowment	457,850	536,343
Ridings Fund	21,214	24,848
Split-interest agreements	28,221	33,817
Total endowments	1,920,100	2,123,227
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interests in perpetual trusts	357,149	440,551
Total net assets with donor restrictions	\$ 3,079,612	\$ 2,666,997

Note 13 - Endowment Funds

The Organization's endowment consists of three individual funds established for a variety of purposes:

Quality of Life - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income is to be utilized to subsidize costs for qualified Organization residents and is recorded as revenue with donor restrictions.

Richmond Endowment - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as revenue without donor restrictions.

Ridings Fund - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as revenue without donor restrictions.

In addition, the Organization's endowment consists of funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including a fund designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has interpreted relevant state law as requiring preservation of the fair value of the original gift as of the date gifted, for the donor restricted endowment funds explicit donor stipulations to the contrary.

According to the Organization's investment guidelines, the endowment assets are currently invested in an investment portfolio managed by professional money managers. The primary long-term investment objective is to preserve and enhance the real (inflation adjusted) purchasing power of the portfolio. This objective should be achieved based on an investment horizon of three to five years. The Organization's policy is to have the portfolio earn an average return in excess of inflation over time.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized). Because of the short-term volatility in rates of return for those investments, the total return could be negative at times. At times, especially for new funds, the balance of a fund could drop below the historic gift value. Historic gift value is defined as the total dollars of the original gift at the date the gift is contributed for endowment.

If the balance of a fund is below the historic gift value, then no appropriations shall occur until the fund is at or above the historic gift value.

The goals of the funds are as follows: (a) maximize monthly income within reasonable and prudent levels of risk; and (b) subsidize costs for qualified Organization residents.

The Organization employs a high-income investment policy with the objective of producing high current income with a secondary objective of preserving the endowment's capital.

Monte Vista Grove Homes & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

With these objectives in mind, the portfolio is invested subject to the following guidelines:

1. Bonds and debentures represent at least 70% of total investments.
2. Securities other than bonds and debentures do not exceed 30% of total investments. No more than 10% at market value of the investment portfolio may be invested in any one company with no more than 40% being invested in one economic sector.
3. Cash and cash equivalents represent no more than 20% of the investment portfolio.

As of December 31, 2022, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,920,100	\$ 1,920,100
Board-designated endowment funds	856,319	-	856,319
	<u>\$ 856,319</u>	<u>\$ 1,920,100</u>	<u>\$ 2,776,419</u>

As of December 31, 2021, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,123,227	\$ 2,123,227
Board-designated endowment funds	999,787	-	999,787
	<u>\$ 999,787</u>	<u>\$ 2,123,227</u>	<u>\$ 3,123,014</u>

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 999,787	\$ 2,123,227	\$ 3,123,014
Investment return, net	(111,040)	(159,396)	(270,436)
Contributions	-	24,512	24,512
Change in value of split-interest agreements	-	(5,597)	(5,597)
Appropriation of endowment assets pursuant to spending-rate policy	(32,428)	(62,646)	(95,074)
Endowment net assets, end of year	<u>\$ 856,319</u>	<u>\$ 1,920,100</u>	<u>\$ 2,776,419</u>

Monte Vista Grove Homes & Subsidiary

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

Changes in endowment net assets for the fiscal year ended December 31, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 984,007	\$ 2,072,910	\$ 3,056,917
Investment return, net	27,636	74,265	101,901
Contributions	-	35,684	35,684
Change in value of split-interest agreements	-	161	161
Appropriation of endowment assets pursuant to spending-rate policy	(11,856)	(59,793)	(71,649)
Endowment net assets, end of year	<u>\$ 999,787</u>	<u>\$ 2,123,227</u>	<u>\$ 3,123,014</u>

Note 14 - Revenue from Contracts with Customers

Contract assets include accounts receivable. Contract liabilities include deferred revenue from entrance fees, and refundable and repayable entrance fees. The beginning and ending balances for accounts receivable, deferred revenue from entrance fees, and refundable and repayable entrance fees were as follows for the years ended December 31, 2022 and 2021:

	2022	
	January 1	December 31
Accounts receivable, net	\$ 735,216	\$ 998,095
Refundable and repayable entrance fees	761,112	856,712
Deferred revenue from entrance fees	1,951,087	2,940,225
	2021	
	January 1	December 31
Accounts receivable, net	\$ 889,459	\$ 735,216
Refundable and repayable entrance fees	531,792	761,112
Deferred revenue from entrance fees	1,673,168	1,951,087

Note 15 - In-kind Contributions

In-kind contributions recognized within the consolidated statements of operations consisted of donated property and equipment, and for the years ended December 31, 2022 and 2021 totaled \$84,001 and \$85,367, respectively. The donated property and equipment is valued based on the invoiced amounts reported by professional contractors.

Note 16 - Retirement Plan

The Monte Vista Grove 401(k) Plan (the Plan) covers substantially all employees of the Organization who have completed one year of service and attained the age of 21. Participants vest at varying percentages over five years. The Organization makes matching contributions on the first 3.5% of each participant's salary deferred through employee contributions to the Plan. The Organization's matching contributions to the Plan totaled approximately \$104,000 and \$125,000 for 2022 and 2021, respectively.

In addition, each year, the Organization determines a discretionary contribution, if any, to be contributed to the Plan. The discretionary contribution is equal to a percentage of all eligible participants' compensation, the exact percentage to be approved each year by the Board of Trustees. There were no discretionary contributions to the Plan for the years ended 2022 and 2021.

Note 17 - Contingencies

The Organization is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient revenues. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the Organization's future financial position or results of operations.

Note 18 - Health and Safety Code Section 1790(a)(3) Disclosure

The Board of Trustees has directed that prudent reserves be established to safeguard against contingencies and maintains a Board Designated Fund (Quality of Life) which is used to subsidize costs for qualified residents (see Note 13).

Note 19 - Subsequent Events

Management has evaluated for subsequent events through May 15, 2023, the date the consolidated financial statements were available to be issued.

Subsequent to year-end, the Organization is expected to receive a benefit of approximately \$1,919,000 under the Coronavirus Aid, Relief, and Economic Security Act which is a refundable tax credit against certain employment taxes for eligible employers.

There was also one other event that met the criteria for disclosure in the consolidated financial statements (see Note 8).



Continuing Care Liquid Reserve Schedules with Supplementary
Schedules

December 31, 2022

Monte Vista Grove Homes & Subsidiary

Monte Vista Grove Homes & Subsidiary

Table of Contents

December 31, 2022

Independent Auditor's Report.....	1
Continuing Care Liquid Reserve Schedules	
Form 5-1, Long-Term Debt Incurred in a Prior Fiscal Year (Including Balloon Debt).....	4
Form 5-2, Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt).....	5
Form 5-3, Calculation of Long-Term Debt Reserve Amount.....	6
Form 5-4, Calculation of Net Operating Expenses	7
Form 5-5, Annual Reserve Certification	8
Supplementary Schedules	
Supplementary Form 5-4, Reconciliation to Audit Report.....	9
Supplementary Form 5-5, Reconciliation to Audit Report.....	10
Supplementary Form 5-5, Additional Disclosures	11



Independent Auditor's Report

Board of Trustees
Monte Vista Grove Homes & Subsidiary
Pasadena, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Monte Vista Grove Homes & Subsidiary (the Organization) which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 (regulatory basis) as of and for the year ended December 31, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 (regulatory basis), of the Organization as of and for the year December 31, 2022, in accordance with the provisions of the California Health and Safety Code Section 1792.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements were prepared by the Organization on the basis of the liquid reserve requirements of the California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Form 5-4, Reconciliation to Audit Report, Supplementary Form 5-5, Reconciliation to Audit Report, and Supplementary Form 5-5, Additional Disclosures, presented as supplementary schedules, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restriction on Use

This report is intended solely for the information of the Board of Trustees and management of the Organization and the California Department of Social Services and is not intended to be used by anyone other than these specified parties.

Other Information

Management is responsible for the other information included in the California Department of Social Services Annual Report. The other information comprises Forms 1-1, 1-2, and 7-1, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Pasadena, California
May 15, 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	(e) Total Paid (columns (b) + (c) + (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
		TOTAL:			\$0

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

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

PROVIDER: Monte Vista Grove Homes

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					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

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

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

PROVIDER: Monte Vista Grove Homes

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$0
2	Total from Form 5-2 bottom of Column (e)	\$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$0
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$0

PROVIDER: Monte Vista Grove Homes

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$7,708,790</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$0</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>	
	c. Depreciation	<u>\$1,007,791</u>	
	d. Amortization	<u>\$0</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$3,436,704</u>	
	f. Extraordinary expenses approved by the Department	<u>\$0</u>	
3	Total Deductions		<u>\$4,444,495</u>
4	Net Operating Expenses		<u>\$3,264,295</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$8,943</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u>\$670,725</u>

PROVIDER: Monte Vista Grove Homes

COMMUNITY: Monte Vista Grove Homes

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Monte Vista Grove Homes
Fiscal Year Ended: December 31, 2022

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2022 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	<u>\$0</u>
[2] Operating Expense Reserve Amount	<u>\$670,725</u>
[3] Total Liquid Reserve Amount:	<u>\$670,725</u>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		<u>\$230,613</u>
[5] Investment Securities		<u>\$1,675,837</u>
[6] Equity Securities		<u>\$3,465,225</u>
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		<u>(not applicable)</u>
[10] Other:		
<u>(describe qualifying asset)</u>		
Total Amount of Qualifying Assets Listed for Liquid Reserve:	[11] <u>\$0</u>	[12] <u>\$5,371,675</u>
Total Amount Required:	[13] <u>\$0</u>	[14] <u>\$670,725</u>
Surplus/(Deficiency):	[15] <u>\$0</u>	[16] <u>\$4,700,950</u>

Signature:



(Authorized Representative)

Date: May 15, 2023

Chief Executive Officer

(Title)



Supplementary Schedules
December 31, 2022

Monte Vista Grove Homes & Subsidiary

**SUPPLEMENTARY FORM 5-4
RECONCILIATION TO AUDIT REPORT**

Total Operating Expenses per Consolidated Statement of Functional Expenses	\$ 9,165,894
Less: independent living expenses before depreciation not allocable to CCRC residents per audited consolidated financial statements	(2,176,793)
Plus: independent living depreciation expense not allocable to CCRC residents per audited consolidated financial statements	<u>719,689</u>
Total Operating Expenses Allocable to CCRC Residents, Form 5-4, Line 1	<u>\$ 7,708,790</u>
Total Cash Received from Residents for Monthly Services per Consolidated Statement of Cash Flows	\$ 5,230,763
Less: revenues received from independent residents (includes dietary revenues)	(1,772,889)
Less: revenues received from non-CCRC assisted living residents (includes dietary revenues)	<u>(1,663,815)</u>
Revenues received from CCRC residents	<u>\$ 1,794,059</u>
Total Cash Received from Residents for Monthly Services per Consolidated Statement of Cash Flows	5,230,763
Less: cash received from CCRC residents	<u>(1,794,059)</u>
Total Revenues Received During the Fiscal Year for Services to Persons Who Did Not Have a Continuing Care Contract, Form 5-4, Line 2(e)	<u>\$ 3,436,704</u>

**SUPPLEMENTARY FORM 5-5
RECONCILIATION TO AUDIT REPORT**

Form 5-5, Line [4] Cash and Cash Equivalents

Total Cash and Cash Equivalents per Audited Financial Statements - Statement of Financial Position	\$ 404,585	
To Line [4] Qualifying Asset - Cash and Cash Equivalents		

Form 5-5, Line [5] Investment Securities

Total Investments Securities per Audited Financial Statements - Note 7

Government obligations and agencies	\$ 1,745,211	
Corporate bonds	2,673,272	
Less: donor restricted investment securities, general ledger accounts		
80-00-00-1014, 81-00-00-1014, 82-00-00-1014	(1,478,418)	

To Line [5] Qualifying Asset - Investment Securities

Form 5-5, Line [6] Equity Securities

Total Equity Securities per Audited Financial Statements - Note 7

Equities	\$ 6,060,181	
Alternative investments	372,163	
Less: donor restricted equity securities, general ledger accounts		
11-00-00-1015, 80-00-00-1015, 81-00-00-1015, 82-00-00-1015	(353,002)	

To Line [6] Qualifying Asset - Equity Securities

NOTE: In addition to the amounts identified on Form 5-5 lines [5] and [6], Monte Vista Grove Homes has the following assets available in two investment accounts:

Investment securities without donor restrictions not allocated to Continuing Care residents	\$ 1,264,228	
Equity securities without donor restrictions not allocated to Continuing Care residents	2,614,117	
Cash and cash equivalents per audited financial statements - Note 7	723,743	
Investment securities with donor restrictions (identified above)	1,478,418	
Equity securities with donor restrictions (identified above)	353,002	

Add: investment securities allocated to Continuing Care Residents - Form 5-5, line [5]

Add: equity securities allocated to Continuing Care Residents - Form 5-5, line [6]

Total Investments per Consolidated Statement of Financial Position

	1,675,837	
	3,465,225	
	<u>\$ 11,574,570</u>	

* Per Form 1-1 Line 11 - Resident Population allocated to Continuing Care Residents

	Allocable to CCRC %	Qualifying Assets	Assets Not Allocable to CCRC
	57%	\$ 230,613	\$ 173,972
		<u>\$ 230,613</u>	

	57%	\$ 1,675,837	\$ 1,264,228
		<u>\$ 1,675,837</u>	

	57%	\$ 3,465,225	\$ 2,614,117
		<u>\$ 3,465,225</u>	

SUPPLEMENTARY FORM 5-5 ADDITIONAL DISCLOSURES

Status, Description, and Amount of Reserves

Based on the resident population allocated to Continuing Care residents (per Form 1-1, Line 11), Monte Vista Grove Homes reserves are allocated at 57% of:

	<u>Total</u>	<u>57%</u>
Cash and cash equivalents	\$ 404,585	\$ 230,613
Investment securities - bonds	2,940,065	1,675,837
Equity securities	6,079,342	3,465,225
	<u>\$ 9,423,992</u>	<u>\$ 5,371,675</u>

The Board of Trustees has directed that prudent reserves be established to safeguard against contingencies and maintains a Board Designated Fund (Quality of Life) which is used to subsidize costs for qualified residents.

Per Capita Costs of Monte Vista Grove Homes for 2022

The 2022 per capita cost of care for the Extended Care Facilities licensed as CCRC at Monte Vista Grove Homes was:

Operating Expenses (Form 5-4, Line 1)	\$ 7,708,790
Divided by the Mean Number of CCRC Residents (Form 1-1, Line 10)	<u>38.5</u>
Per Capita Costs of Operations	<u>\$ 200,228</u>

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 06/28/2022

Facility Name: Monte Vista Grove Homes (MVGH)
 Address: 2889 San Pasqual Street | Zip Code: 91107 | Phone: 626-796-6135
 Provider Name:
 Monte Vista Grove Homes (MVGH)

Facility Operator: Monte Vista Grove Homes (MVGH)
 Religious Affiliation: Presbyterian
 Year Opened: 1924 # of Acres: 13.5 Miles to Shopping Center: 2 Miles to Hospital: 4
☒ Single Story ☒ Multi-Story ☒ Other: Assist'd Living, Mem Care & SNF are single story

Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	_____	Assisted Living:	16+40 effective 12/30/2021
Apartments – 1 Bdrm:	_____	Skilled Nursing:	40-became high level AL 12/30
Apartments – 2 Bdrm:	_____	Special Care:	10 *
Cottages/Houses:	IL not incl'd in CCRC	Description:	* 10 beds are Memory Care

RLU Occupancy (%) at Year End: Health Care Occupancy at year end was 56.1%

Type of Ownership: ☒ Not for Profit
☐ For Profit

Accredited? ☐ Yes By:
☒ No

Form of Contact: ☒ Continuing Care ☐ Life Care ☐ Entrance Fee ☐ Fee for Service
 (Check all that apply) ☐ Assignment of Assets ☐ Equity ☐ Membership ☐ Rental

Refund Provisions: ☒ Refundable ☐ 90% ☐ 50%
 (Check all that apply) ☐ Repayable ☒ 75% ☒ Other: Fully Amortized

Range of Entrance Fees: \$89,320 - \$402,525

Long-Term Care Insurance Required? ☐ Yes ☒ No

Health Care Benefits Included in Contract: 10 free days per year with a lifetime maximum of 30

Entry Requirements: Min Age: 60 Prior Profession: Other:

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

(briefly describe provider's compliance and residents' roles): At least 2, but no more than 5 residents of MVGH can be elected to the Board with voting rights. The Board provides direction for the business and affairs of MVGH.

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 type="checkbox"/>	<input checked="" type="checkbox"/>	Housekeeping (____Times/	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input type="checkbox"/>	<input type="checkbox"/>	Month at \$_____each)		
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (3_/Day)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chapel	<input type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input 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 type="checkbox"/>	All Utilities Except Phone	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swimming Pool –	<input type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input type="checkbox"/>	<input type="checkbox"/>
Indoor			Personal Home Care	<input type="checkbox"/>	<input type="checkbox"/>
Swimming Pool –	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input type="checkbox"/>	<input type="checkbox"/>
Outdoor			Transportation – Prearranged	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Other: <u>Phone</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Workshop	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>			

Provider Name: Monte Vista Grove Homes (MVGH)

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: Monte Vista Grove Homes (MVGH)

Income and Expenses [Year]	2019	2020	2021	2022
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)	8,356,182	8,061,643	11,011,691	6,433,105
Less Operating Expenses (Excluding depreciation, amortization, and interest)	8,542,080	9,598,639	9,201,368	8,158,037
Net Income From Operations	(185,898)	(1,536,996)	1,810,323	(1,724,932)
Less Interest Expense	(104,290)	(85,292)	(70,337)	(66)
Plus Contributions	1,026,239	955,612	1,240,081	818,568
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	1,215,502	1,145,673	601,904	(2,480,626)
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	1,951,553	478,997	3,581,971	(3,387,056)
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	254,044	724,502	763,126	1,354,076

Description of Secured Debt (as of most recent fiscal year end)

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
Citizens Business Bank	Pd in full 2021	6.5%	09/29/2016	09/22/2023	3+4 yr renewal
Citizens Business Bank	Pd in full 2021	6.5%	09/09/2019	09/22/2023	2+2 yr renewal

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2020	2021	2022
Debt to Asset Ratio		11.26%	6.24%	0.26%
Operating Ratio		107.53%	75.70%	113.43%
Debt Service Coverage Ratio		1.35	7.03	(155.76)
Days Cash On Hand Ratio		504	519	452

Provider Name: Monte Vista Grove Homes (MVGH)

Historical Monthly Service Fees (Average Fee and Change Percentage)

Residence/Service [Year]	2019	%	2020	%	2021	%	2022	%
Studio								
One Bedroom								
Cottage/House	\$1,828	9.13%	\$1,944	6.35%	\$2,044	5.13%	\$2,383	16.5%
Assisted Living	\$4,106	1.50%	\$4,258	3.70%	\$4,380	2.86%	\$4,532	3.47%
Skilled Living	\$7,604	2.88%	\$8,000	5.20%	\$8,334	4.18%	\$8,638	3.65%
Special Care	\$6,479	2.65%	\$7,391	14.1%	\$7,604	2.88%	\$7,909	4.01

Comments from Provider:

Special Care is blended rate for Memory Care AL. All resident bedrooms are private; rates vary depending on whether bathroom is private or shared. Skilled Living is currently high acuity AL. When SNF was relicensed on 12/30/2021 as high acuity AL, rates remained the same as SNF.

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 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
N/A	See attached	See attached	See attached
N/A	See attached	See attached	See attached

1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)

2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)

☐ 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: See Attached
(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: 11/11/2021 Method of Notice: Meeting, letter &/or email

☒ 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: 11/22/2021

☒ At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☒ The Provider distributed the documents to all residents by [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] Mailed to resident designee(s)

☒ Date of Notice: 11/11/2021

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

Date of Notice: 11/01/2021

- ☒ The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

Date of Posting: 11/01/2021 **Location of Posting:** Commons, Memory Care, Hearth & SNF

- ☒ 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: 11/11/2021 **Location of Posting:** emailed (due to COVID) , posted in Commons

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: Monte Vista Grove Homes

COMMUNITY: Monte Vista Grove Homes

MONTE VISTA GROVE HOMES
FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES
ANNUAL REPORTING FISCAL YEAR (F/Y) 2022

	RESIDENTIAL		ASSISTED LIVING	
	LIVING	AMBULATORY	MEMORY	ENHANCED
1 Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	n/a	\$4,380	from \$6,783 to \$8,425	from \$8,334 to \$10,403
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	n/a	3.47%	from 3.97% to 4.04%	from 3.65% to 4.09%
Residential Living is unlicensed senior housing and is not considered a part of the CCRC.				
Memory Care fees are depending on whether resident has a shared or private bathroom.				
Enhanced Assisted Living fee ranges are depending on whether resident room is semi-private or private room.				
3 Indicate the date the fee increase was implemented.	n/a	2/1/2022	2/1/2022	2/1/2022

Rate increases on monthly fees for the following levels of care were reviewed by Resident Representatives before going to the Board of Trustees for approval.

Residents who have Entered into a CCRC Contract

	Rate Increase	Daily Fee		Monthly Fee		Effective Date
		From	To	From	To	
Assisted Living	3.47%	\$144	\$149	\$4,380	\$4,532	2/1/2022
Memory Care (AL)						
-- With Shared Bath	4.04%	\$223	\$232	\$6,783	\$7,057	2/1/2022
-- With Private Bath	3.97%	\$277	\$288	\$8,425	\$8,760	2/1/2022
Enhanced Assisted Living						
-- Semi Private	3.65%	\$274	\$284	\$8,334	\$8,638	2/1/2022
-- Private	4.09%	\$342	\$356	\$10,403	\$10,828	2/1/2022

MONTE VISTA GROVE HOMES
FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES
ANNUAL REPORTING FISCAL YEAR (F/Y) 2022

Private Pay Residents who have not Entered into a CCRC Contract

	Rate Increase	Daily Fee		Monthly Fee		Effective Date
		From	To	From	To	
Assisted Living	3.75%	\$160	\$166	\$4,867	\$5,049	2/1/2022
Memory Care						
-- With Shared Bath	4.03%	\$248	\$258	\$7,543	\$7,848	2/1/2022
-- With Private Bath	3.90%	\$308	\$320	\$9,368	\$9,733	2/1/2022
Enhanced Assisted Living						
-- Semi Private	3.95%	\$304	\$316	\$9,247	\$9,612	2/1/2022
-- Private	3.95%	\$380	\$395	\$11,558	\$12,015	2/1/2022

Because Residential Living is not licensed as CCRC, Resident Monthly Service Fees have not been included.

Narrative:

Rate increases are determined as a part of the annual budget process during which, the costs of providing services to our residents and overhead are estimated. In addition to the typical challenges of rising costs for products and services utilized in providing care for residents, 2022 continues to be impacted by the cumulative minimum wage increase and wage compression challenges which has resulted in significant increase in the cost of labor. In addition, Monte Vista Grove Homes continues to make salary and benefit adjustments to attract individuals for positions that have become difficult to recruit. Other cost categories that incurred significant increases were food, utilities, and insurance.

MONTE VISTA GROVE HOMES
FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (F/Y) 2022

For Skilled Nursing / Replaced by Enhanced Assisted Living in 2022

Line	Fiscal Years	Dollar Amounts in Thousands		
		2020	2021	2022
1	F/Y 2020 Operating Expenses	-4238		
2	F/Y 2021 Operating Expenses (Adjustments if any, Explained Below)		-4222	
3	Projected F/Y 2022 Results of Operations (Adjustments Explained Below)			-2436
4	F/Y 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			1878
5	Projected F/Y 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			-558
6	Projected F/Y 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI of 3.9%			1952
7	Grand Total - Projected FY 2022 Net Operating Activity After 3.9% MCFI (Line 3 plus Line 6)			-484

For Assisted Living

Line	Fiscal Years	Dollar Amounts in Thousands		
		2020	2021	2022
1	F/Y 2020 Operating Expenses	-1051		
2	F/Y 2021 Operating Expenses (Adjustments if any, Explained Below)		-892	
3	Projected F/Y 2022 Results of Operations (Adjustments Explained Below)			-827
4	F/Y 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			548
5	Projected F/Y 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			-279
6	Projected F/Y 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI of 3.5%			567
7	Grand Total - Projected FY 2022 Net Operating Activity After 3.5% MCFI (Line 3 plus Line 6)			-260

For Memory Care - Opened 05/2018

Line	Fiscal Years	Dollar Amounts in Thousands		
		2020	2021	2022
1	F/Y 2020 Operating Expenses	-1374		
2	F/Y 2021 Operating Expenses (Adjustments if any, Explained Below)		-967	
3	Projected F/Y 2022 Results of Operations (Adjustments Explained Below)			-1040
4	F/Y 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			759
5	Projected F/Y 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			-281
6	Projected F/Y 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%			789
7	Grand Total - Projected FY 2022 Net Operating Activity After 4% MCFI (Line 3 plus Line 6)			-251

With the exception of Dining Services; in 2022, all support service expenses have been allocated to the three levels of Monte Vista Grove Homes Assisted Living. This more appropriately reflects the actual costs of providing care and will help to set future rates in AL.

- 7 Rates for Enhanced Assisted Living were set at the same level as custodial care previously provided under the Skilled Nursing license. Even though projected expenses are lower, it would require almost 30% to cover projected F/Y 2022 Expenses with Support Service Allocations (line 3). As half of our residents have limited income and long term care insurance does not always cover AL, an average increase of 3.9% was implemented. Additional increases will be considered in future years.
- 7 Assisted Living would require a 50% increase to cover F/Y 2022 Expenses with Support Service Allocations (line 3). As most residents have limited income and long term care insurance does not always cover AL, an average increase of 3.5% was implemented. Additional increases will be considered in future years.
- 7 Memory Care would require a 37% increase to cover F/Y 2022 Expenses with Support Service Allocations (line 3). Initial rates set when the facility was open and increases in previous years still does not cover F/Y 2022 Expenses with Support Service Allocations (line 3). Because long term care insurance does not always cover AL, an average increase of 4% was implemented in 2022. Additional increases will be considered in future years.