

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**CHRISTIAN LIVING COMMUNITIES
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Living Communities
Greenwood Village, Colorado

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Christian Living Communities (the Organization), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the 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 their operations, changes in their net assets, and their 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 Auditors' Responsibilities for the Audit of 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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.

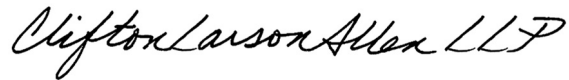
In performing an audit in accordance with GAAS, we:

- 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on consolidated the financial statements as a whole. The consolidating balance sheets, statements of operations, changes in net assets, and cash flows are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Denver, Colorado
July 25, 2023

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,592,623	\$ 7,412,427
Short-Term Investments	6,941,179	6,167,556
Current Portion of Assets Limited as to Use	6,761,760	4,995,527
Resident Accounts Receivable	2,880,265	2,607,378
Other Receivables	912,820	1,372,808
Supply Inventories	232,354	725,580
Prepaid Expenses	1,413,562	1,361,223
Total Current Assets	30,734,563	24,642,499
ASSETS LIMITED AS TO USE		
Held by Trustee Under Indenture Agreement	27,526,523	30,303,841
Resident Funds and Deposits	96,876	101,685
Liquidity Agreement	1,000,000	1,000,000
Board-Designated Funds	533,548	599,259
Endowment Fund	1,277,745	1,354,625
Less: Current Portion	(6,761,760)	(4,995,527)
Total Assets Limited as to Use, Net of Current Portion	23,672,932	28,363,883
PROPERTY AND EQUIPMENT		
Land and Land Improvements	8,840,946	8,838,276
Building and Leasehold Improvements	224,005,369	214,992,955
Furniture, Equipment, and Vehicles	16,476,079	15,969,931
Construction in Progress	6,927,444	10,526,080
Total Property and Equipment	256,249,838	250,327,242
Less: Accumulated Depreciation	(96,106,122)	(87,770,549)
Property and Equipment, Net	160,143,716	162,556,693
OTHER ASSETS		
Right-of-Use Assets Under Operating Lease Agreements	7,475,001	8,183,289
Investments	29,373,074	34,545,685
Investment in Affiliates	441,988	441,988
Investment in Joint Venture	1,164,227	949,731
Intangible Assets, Net	467,667	559,875
Goodwill	968,976	2,938,976
Total Other Assets	39,890,933	47,619,544
Total Assets	\$ 254,442,144	\$ 263,182,619

See accompanying Notes to Consolidated Financial Statements.

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

LIABILITIES AND NET ASSETS	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 25,676,121	\$ 2,970,632
Accounts Payable	3,458,267	4,218,906
Accrued Expenses	2,782,490	2,774,259
Accrued Interest	2,684,440	2,399,254
Current Portion of Refundable Advance Fees	9,714,000	8,894,000
Current Portion of Operating Lease Liabilities	671,933	637,386
Deposits from Residents and Clients	2,401,033	2,462,883
Total Current Liabilities	<u>47,388,284</u>	<u>24,357,320</u>
LONG-TERM DEBT, NET OF CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET	119,684,280	145,886,473
OTHER LIABILITIES		
Operating Lease Liabilities, Net of Current Portion	7,043,571	7,729,199
Refundable Advance Fees	95,070,962	88,722,726
Deferred Revenue from Advance Fees	10,030,812	8,696,794
Total Other Liabilities	<u>112,145,345</u>	<u>105,148,719</u>
Total Liabilities	279,217,909	275,392,512
NET ASSETS		
Net Assets Without Donor Restrictions	(26,616,847)	(14,025,202)
Net Assets With Donor Restrictions	1,841,082	1,815,309
Total Net Assets	<u>(24,775,765)</u>	<u>(12,209,893)</u>
Total Liabilities and Net Assets	<u>\$ 254,442,144</u>	<u>\$ 263,182,619</u>

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUES AND OTHER SUPPORT		
WITHOUT DONOR RESTRICTIONS		
Resident and Client Services Revenue	\$ 70,198,388	\$ 66,470,826
Amortization of Advance Fees	1,650,802	1,519,148
Other Revenue	4,392,350	9,293,595
Contributions	437,239	1,240,708
Net Assets Released from Restrictions Used for Operations	206,129	252,445
Total Revenues and Other Support Without Donor Restrictions	76,884,908	78,776,722
EXPENSES		
Salaries and Benefits	35,982,813	35,186,203
Purchased Services	10,202,751	9,031,431
Medical Supplies and Drugs	882,445	1,101,832
Dietary Expenses	11,095,515	10,277,503
Administrative Expenses	4,298,578	3,859,711
Management Fees	145,751	30,084
Insurance	1,240,701	1,173,520
Bond Fees	115,859	124,264
Utilities	2,376,414	2,279,132
Depreciation and Amortization	8,823,691	8,280,448
Interest	5,892,513	6,269,662
Other	2,299,168	1,627,864
Impairment of Goodwill	1,970,000	-
Provision for Uncollectible Accounts	155,397	396,852
Total Expenses	85,481,596	79,638,506
OPERATING LOSS	(8,596,688)	(861,784)
OTHER INCOME (LOSS)		
Interest Income	1,290,120	1,075,531
Realized Gains on Investments	472,967	1,308,433
Unrealized Gains (Losses) on Investments	(5,882,560)	1,367,052
Gain (Loss) on Disposal of Property and Equipment	(34,170)	278,567
Gain (Loss) on Investment in Joint Venture	158,686	(793,660)
Loss on Refinancing of Long-Term Debt	-	(947,339)
Total Other Income (Loss)	(3,994,957)	2,288,584
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ (12,591,645)	\$ 1,426,800

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Expenses				General and Administrative	Fund Raising	Total
	Independent Living	Assisted Living	Skilled Nursing	Home Care			
Salaries and Benefits	\$ 4,540,461	\$ 11,583,034	\$ 13,226,643	\$ 1,979,495	\$ 4,494,909	\$ 158,271	\$ 35,982,813
Purchased Services	1,333,344	3,401,453	5,244,321	111,066	64,688	47,879	10,202,751
Medical Supplies and Drugs	22,550	169,125	690,417	353	-	-	882,445
Dietary Expenses	4,512,780	2,988,805	3,593,801	129	-	-	11,095,515
Administrative Expenses	768,938	323,153	363,449	90,942	2,738,168	13,928	4,298,578
Management Fees	-	-	-	-	145,751	-	145,751
Insurance	375,980	280,054	428,811	8,736	147,120	-	1,240,701
Bond Fees	65,229	10,508	40,122	-	-	-	115,859
Utilities	1,409,569	514,024	452,821	-	-	-	2,376,414
Depreciation and Amortization	4,391,980	707,553	2,701,497	4,519	1,018,142	-	8,823,691
Interest	3,031,542	456,853	1,744,303	-	659,815	-	5,892,513
Other	97,243	28,971	21,042	20,316	1,363,532	768,064	2,299,168
Impairment of Goodwill	1,109,110	178,679	682,211	-	-	-	1,970,000
Provision for Uncollectible Accounts	20,827	55,538	62,481	16,551	-	-	155,397
Total Expenses	<u>\$ 21,679,553</u>	<u>\$ 20,697,750</u>	<u>\$ 29,251,919</u>	<u>\$ 2,232,107</u>	<u>\$ 10,632,125</u>	<u>\$ 988,142</u>	<u>\$ 85,481,596</u>

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Expenses				General and Administrative	Fund Raising	Total
	Independent Living	Assisted Living	Skilled Nursing	Home Care			
Salaries and Benefits	\$ 4,203,654	\$ 10,723,818	\$ 13,366,765	\$ 2,721,972	\$ 4,014,615	\$ 155,379	\$ 35,186,203
Purchased Services	1,311,536	3,345,820	4,170,417	147,489	42,748	13,421	9,031,431
Medical Supplies and Drugs	21,977	164,822	912,016	3,017	-	-	1,101,832
Dietary Expenses	4,213,389	2,753,386	3,310,728	-	-	-	10,277,503
Administrative Expenses	449,002	188,697	189,665	98,145	2,928,085	6,117	3,859,711
Management Fees	-	-	-	-	30,084	-	30,084
Insurance	358,651	267,146	409,047	11,641	127,035	-	1,173,520
Bond Fees	69,960	11,271	43,033	-	-	-	124,264
Utilities	1,351,866	492,982	434,284	-	-	-	2,279,132
Depreciation and Amortization	4,167,929	671,459	2,563,684	5,225	872,151	-	8,280,448
Interest	3,169,828	510,663	1,949,754	-	639,417	-	6,269,662
Other	74,960	31,502	31,664	24,613	1,181,178	283,947	1,627,864
Provision for Uncollectible Accounts	40,890	109,040	122,670	124,252	-	-	396,852
Total Expenses	<u>\$ 19,433,642</u>	<u>\$ 19,270,606</u>	<u>\$ 27,503,727</u>	<u>\$ 3,136,354</u>	<u>\$ 9,835,313</u>	<u>\$ 458,864</u>	<u>\$ 79,638,506</u>

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
NET ASSETS - DECEMBER 31, 2020	\$ (15,452,002)	\$ 1,791,826	\$ (13,660,176)
Excess of Revenues Over Expenses	1,426,800	-	1,426,800
Contributions	-	245,093	245,093
Interest Income	-	30,835	30,835
Net Assets Released from Restrictions	-	(252,445)	(252,445)
Change in Net Assets	<u>1,426,800</u>	<u>23,483</u>	<u>1,450,283</u>
NET ASSETS - DECEMBER 31, 2021	(14,025,202)	1,815,309	(12,209,893)
Deficit of Revenues Over Expenses	(12,591,645)	-	(12,591,645)
Contributions	-	197,952	197,952
Interest Income	-	33,950	33,950
Net Assets Released from Restrictions	-	(206,129)	(206,129)
Change in Net Assets	<u>(12,591,645)</u>	<u>25,773</u>	<u>(12,565,872)</u>
NET ASSETS - DECEMBER 31, 2022	<u>\$ (26,616,847)</u>	<u>\$ 1,841,082</u>	<u>\$ (24,775,765)</u>

See accompanying Notes to Consolidated Financial Statements.

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (12,565,872)	\$ 1,450,283
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	8,823,691	8,280,448
Interest Expense - Amortization on Deferring Financing Costs	195,728	195,548
Loss on Refinancing of Long-Term Debt	-	947,339
(Gain) Loss on Disposal of Property and Equipment	34,170	(278,567)
Amortization on Bond Premium, Net	(694,875)	(573,746)
Amortization of Advance Fees	(1,650,802)	(1,519,148)
Provision for Uncollectible Accounts	155,397	396,852
Realized Gains on Investments	(472,967)	(1,308,433)
Unrealized (Gains) Losses on Investments	5,882,560	(1,367,052)
(Gain) Loss on Investment in Joint Venture	(158,686)	793,660
Impairment of Goodwill	1,970,000	-
Non-Cash Lease Expense	708,288	691,200
(Increase) Decrease in:		
Resident Accounts Receivable	(446,284)	(164,700)
Other Receivables	(437,397)	(3,658,098)
Prepaid Expenses and Supply Inventories	440,887	72,107
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	1,026,824	3,467,068
Refundable Advance	-	(4,140,600)
Operating Lease Liabilities	(651,081)	(631,685)
Deposits from Residents	(61,850)	269,233
Net Cash Provided by Operating Activities	2,097,731	2,921,709
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(884,826)	(2,058,069)
Proceeds from Sale of Investments	517,801	1,380,439
Purchase of Property and Equipment	(6,931,337)	(13,918,455)
Proceeds from Disposal of Property and Equipment	-	489,804
Investment in Joint Venture	(55,810)	(179,492)
Net Change in Assets Limited as to Use	2,276,329	4,725,890
Net Cash Used by Investing Activities	(5,077,843)	(9,559,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Long-Term Debt	-	2,524,183
Principal Payments on Long-Term Debt	(2,997,557)	(4,034,139)
Proceeds from Entrance Fees, Net of Refunds	10,153,056	5,723,035
Net Cash Provided by Financing Activities	7,155,499	4,213,079
NET (INCREASE) DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,175,387	(2,425,095)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	8,514,112	10,939,207
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 12,689,499	\$ 8,514,112

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS		
Cash and Cash Equivalents	\$ 11,592,623	\$ 7,412,427
Resident Funds and Deposits	96,876	101,685
Liquidity Agreement	1,000,000	1,000,000
Total Cash, Cash Equivalents, and Restricted Cash	\$ 12,689,499	\$ 8,514,112
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid on Long-Term Debt	\$ 6,154,484	\$ 7,165,976
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Included in Accounts Payable	\$ 597,910	\$ 1,176,571
Refinancing of Series 2012 Bonds with Series 2021 Bond Issuance	\$ -	\$ 18,375,000
Refinancing of Series 2011 Bonds with Series 2021 Bond Issuance	\$ -	\$ 8,085,000
Deposit of Series 2021 Bond Proceeds in Project Fund Included in Assets Limited as to Use	\$ -	\$ 11,848,452
Deposit of Series 2021 Bond Proceeds in Debt Service Reserve Fund included in Assets Limited as to Use	\$ -	\$ 597,400
Deposit of Series 2021 Bond Proceeds in Cost of Issuance Fund included in Assets Limited as to Use	\$ -	\$ 325,000

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of Christian Living Communities is: Christian Living Communities ministers to senior adults through a continuum of services and care that reflects Christian love, respect, and compassion, and that enriches the quality and dignity of life for each individual.

The consolidated financial statements of Christian Living Communities include the following controlled entities and divisions:

Controlled Entities:

- Christian Living Neighborhoods (CLN)
- Christian Living Services dba: Cappella Living Solutions (CLS)
- CLC Dayspring Villa, LLC
- Cappella Pueblo West, LLC
- Cappella Grand Junction, LLC
- Rhythms Home Care, LLC (Rhythms)
- CLC Eagle Pointe Holding, LLC

Divisions of Christian Living Neighborhoods include:

- Management
- Someren Glen
- Clermont Park
- Holly Creek
- Adult Day Services
- Donor Relations

The services and activities of the various entities and divisions are as follows:

- Management provides administrative services for the other entities.
- Someren Glen provides housing, health care, and other related services to residents.
- Clermont Park and Holly Creek are a continuing care retirement communities that provide housing, health care, and other related services to residents.
- Someren Glen and Clermont Park provide adult day services.
- CLS provides management and consulting services on a contract basis for owner/operators of other senior communities.
- CLC Dayspring Villa, LLC provides assisted living services to senior adults.
- Cappella Pueblo West, LLC provides assisted living services to senior adults.
- Cappella Grand Junction, LLC provides assisted living services to senior adults.
- Donor relations solicits and receives charitable contributions for the purpose of enhancing the mission, ministry, and the financial viability of Christian Living Communities.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

- Rhythms provides homecare services to senior adults.
- CLC Eagle Point Holding, Inc. owns the home office for Christian Living Communities and leases space to outside entities.

During 2022 and 2021, upon the approval of the Christian Living Communities's Board of Directors, Christian Living Neighborhoods transferred approximately \$4,000 and \$-0-, respectively, to Christian Living Communities. The purpose of the transfers were to capitalize the Christian Living Communities and provide funds for growth opportunities. The transfers are eliminated in the consolidation of the financial statements.

The Obligated Group for the outstanding tax-exempt bonds payable consists of Christian Living Neighborhoods.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Christian Living Communities, Christian Living Neighborhoods, CLC Dayspring Villa LLC, Christian Living Services dba: Cappella Living Solutions, Rhythms Home Care, LLC, Cappella Pueblo West, LLC, Cappella Grand Junction, LLC, and CLC Eagle Pointe Holding, LLC (the Organization). Intercompany accounts and transactions have been eliminated in consolidation.

Tax Status

Christian Living Communities and Christian Living Neighborhoods are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision for state law. However, the Christian Living Communities and Christian Living Neighborhoods are subject to federal income tax on any unrelated business taxable income. These three organizations are not aware of any activities that would jeopardize their tax-exempt status. Christian Living Communities is the sole member of CLC Dayspring Villa LLC, Rhythms Home Care, LLC, Cappella Grand Junction, LLC, and CLC Eagle Pointe Holding, LLC, which are considered a disregarded entities for income tax purposes.

CLS is a C corporation for federal income tax purposes. The provision for income taxes is based on amounts currently payable and those deferred because of temporary differences between the consolidated financial statements and the tax basis of assets and liabilities. Any income tax provision is included in other expenses on the consolidated statements of operations. CLS is the sole member of Cappella Pueblo West, LLC, which is considered a disregarded entity for income tax purposes.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2022 and 2021, the governing board has designated net assets of \$201,835, consisting of a board-designated endowment to support operations and amounts set aside for resident care.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2022 and 2021, the Organization held donor-imposed restrictions that were both temporary and perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all money market accounts and certificates of deposit with original maturity dates of three months or less to be cash equivalents. Certificates of deposit are stated at cost, which approximates market value. The Organization deposits its temporary cash investments in financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Accounts Receivable

The Organization reports resident accounts receivable for services rendered at the estimated transaction price due from third-party payors, residents, and others. An allowance for doubtful accounts is provided based upon the review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the resident, the Organization bills third-party payors directly and bills the resident when the resident's liability is determined. Resident accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. As of December 31, 2022 and 2021, the allowance for uncollectible accounts was approximately \$219,000 and \$299,000, respectively.

Assets Limited as to Use

Assets limited as to use includes assets held by trustees, assets that are to be used by the residents of the Organization, a liquidity support agreement, board-designated funds, security, and other deposits being held for residents, and assets limited as to use by donors. Amounts required to meet current liabilities of the Organization are included in current assets.

Supply Inventories

Supply inventories are stated at the lower of cost or net realizable value, determined using the first-in, first-out method.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. The Organization classifies their investments as trading securities and accordingly investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends, and fees) is included in excess (deficit) of revenues over expenses unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives by the straight-line method of depreciation. Assets under finance leases, if any, and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The Organization capitalizes fixed assets with a cost greater than \$1,000 and a useful life greater than one year.

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 excess (deficit) of revenues over expenses, 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction in Progress

Construction in progress as of December 31, 2022 is primarily related to master planning costs and independent living renovations for Someren Glen, and renovations at Holly Creek. The Someren Glen master planning project is currently in the planning phase and final costs have yet to be determined. The project is expected to start in fiscal year 2024 and be funded through a debt issuance. The Someren Glen independent living renovations are being funded internally and expected to be completed in the Spring of 2024 at a total cost of approximately \$8,400,000. The Holly Creek renovations are being funded internally and expected to be completed in 2023 at a total cost of approximately \$1,200,000.

Deferred Financing Costs

Total financing costs of \$4,305,898 are shown net of accumulated amortization of \$802,447 and \$606,719 as of December 31, 2022 and 2021, respectively. The deferred financing costs are being amortized using the effective interest method. Amortization expense for the years ended December 31, 2022 and 2021 was \$195,728 and \$195,548, respectively. During fiscal year 2021, the Organization wrote-off the remaining deferred financing costs related to the Series 2011 and Series 2012 Bonds that were refunded (see Note 7) and included the amount written-off in the loss on refinancing of long-term debt.

Investment in Joint Venture

The investment in joint venture is accounted for using the equity method of accounting. Under the equity method the Organization recognizes the original investment in the joint venture adjusted by the Organization's percentage of the joint ventures profit or loss and any contributions and distributions.

Goodwill

Goodwill relates to the acquisitions of Rhythms and Cappella Grand Junction, LLC by the Organization and represents the excess of the purchase price of the acquired business over the fair value of the assets acquired and liabilities assumed. Goodwill is not amortized, but instead tested for impairment at least annually. Measurement of goodwill impairment is based on the excess of the carrying value, including goodwill, over the fair value. During 2022 the Organization determined that the goodwill related to Cappella Grand Junction, LLC was impaired and recorded an impairment of goodwill for \$1,970,000 in the consolidated statements of operations. The Organization has not determined there to be any goodwill impairment for Rhythms as of December 31, 2022 and 2021.

Deposits from Residents

Deposits from residents represent amounts received from prospective residents who either are holding signed agreements reserving a particular apartment or waiting for a specific type of apartment to become available. These deposits are recorded under the deposit method until the applicant signs a residency agreement and moves into the facility.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Advance Fees

At Holly Creek Retirement Community and Clermont Park Retirement Community, fees paid by a resident upon entering into a resident contract, net of the portion thereof that is refundable, are recorded as deferred revenue and are amortized to income using the straight-line method over the life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancy of each individual resident or on the joint and last survivor life expectancy of each pair of residents occupying the same unit. The Organization relies upon an external actuary to calculate and track the entrance fees.

In consideration for an entrance fee and, thereafter, monthly service fees, the Organization provides individuals with a residence for the remainder of their lives. The original resident contract provided for a 90% refundable entrance fee upon death or move-out from the Independent Living Unit, after the first 10 months of residency. The contract offered a refund benefit that declined at 1% per month, but not to exceed 90% of the original entry fee. This refund was offered upon the earlier of (a) re-occupancy of the unit or (b) 180 days after the unit was vacated, whichever came first.

The contract was revised for all new residents, effective January 1, 2010. This revision changed the terms of the 90% refundable entrance fee upon death or move-out from Holly Creek, which defers refunding when the resident moves to a higher level of care. The contracts are refundable upon the earlier of re-occupancy of the unit or 180 days; unless upon death which it is refundable upon re-occupancy. Entrance fees are not refundable until a resident leaves their highest level of care at the Organization.

Clermont Park opened in February 2013 and residents were offered two contract options. The contract included a 50% or 90% refundable entrance fee option. The remaining terms of these contracts are consistent with the revised contract previously mentioned.

Should residents need to temporarily or permanently relocate to a higher level of care, they shall receive a discounted rate at Holly Creek, Clermont Park, or an alternative Christian Living Neighborhoods facility. The first 10 days at any higher level of care are free to Holly Creek and Clermont Park residents.

In the event of death or move-out after the above time period, the unamortized balance of the nonrefundable entrance fee is recognized as income. The estimated liability for refundable entrance fees is recorded based upon the Organization's experience of refunding such fees.

Future revenues are dependent on various actuarial assumptions, occupancy rates, and other matters that are subject to change.

The state of Colorado requires that the Organization refund the residents refundable fees within 180 days of termination of the agreement and not just on re-occupancy of the unit. When a refund is due to a resident's estate and the unit has been re-occupied within 180 days, the Organization will refund the balance owed to the estate in less than 180 days.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Advance Fees (Continued)

Management has estimated a current portion of the amount of the remaining refundable balances as of December 31, 2022 and 2021 to be \$9,714,000 and \$8,894,000, respectively, based on the average refunds payable over prior years. This estimate includes actual refunds subsequent to year-end.

Obligation to Provide Future Services

The Organization has calculated the present value of the net cost of future services and use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future service) with the corresponding charge to income. The obligation is discounted at 5.5% as of December 31, 2022 and 2021. The Organization's calculation indicated no liability needed to be recorded as of December 31, 2022 and 2021.

Advertising Expenses

Advertising expenses approximated \$539,000 and \$441,000 for the years ended December 31, 2022 and 2021, respectively. Advertising costs are expensed when incurred.

Expense Allocations

The costs of providing various programs have been summarized on a functional basis in the consolidated statements of functional expenses. Whenever feasible, expenses are charged directly to the appropriate program. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated using statistics (i.e. number of employees, square footage, etc.) that are related to the expenses incurred.

Excess (Deficit) of Revenues over Expenses

The consolidated statements of operations includes excess (deficit) of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficit) of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

Charity Care

Christian Living Communities strives to enhance life of seniors through offering high quality care and support through their retirement living communities and facilities. The Organization provides services to residents and the community regardless of their ability to pay for those services.

The Organization defines and measures this "investment in" and "partnership with" the community primarily through its benevolent care and community benefits programs. The Organization provides care to residents and clients who meet certain criteria under its financial assistance policy without charge. The key element used to determine eligibility is assessing the residents need based on a review of their assets and their monthly revenues and expenses. Because the Organization does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care (Continued)

The Organization has estimated its direct and indirect costs of providing charity care under its financial assistance policy. In order to estimate the cost of providing such care, management has used actual costs and operational projections. Using this methodology, the Organization has estimated the costs foregone for services and supplies furnished under the Organization's financial assistance policy aggregated approximately \$1,201,000 and \$623,000 for the years ended December 31, 2022 and 2021, respectively.

The Organization receives donations under its benevolent care program and other fundraising efforts. For the years ended December 31, 2022 and 2021, the Organization received donations of approximately \$635,000 and \$1,486,000, respectively.

Uncompensated Balances

The Organization provided care to residents under the Medicaid program for which the costs to provide such care exceeds reimbursement. The Organization funds this difference through its operations. The shortfall associated for care provided under this program for the years ended December 31, 2022 and 2021 was approximately \$1,772,000 and \$1,951,000, respectively.

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Additionally, from time to time, the Organization may be required to record at fair value other assets on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write-down of individual assets.

The Organization also adopted the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value, however, may elect to measure newly acquired financial instruments at fair value.

Adoption of New Accounting Standards

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of operations, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category types of contributed nonfinancial assets a nonprofit entity has received. The Organization has applied the adoption of this standard retrospectively to fiscal year 2021. Adoption of this standard did not have an impact on the Organization's consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has considered events and transactions that have occurred through July 25, 2023, the date the consolidated financial statements were available for issuance.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following table represents financial assets available for general expenditures within one year on December 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 11,592,623	\$ 7,412,427
Short-Term Investments	6,941,179	6,167,556
Resident Accounts Receivable	2,880,265	2,607,378
Other Receivables	912,820	1,372,808
Total	<u>\$ 22,326,887</u>	<u>\$ 17,560,169</u>

The Organization has certain donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, the assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in short-term and long-term investments.

NOTE 3 INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31:

	2022		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Referral Relationships	\$ 920,000	\$ (452,333)	\$ 467,667
Noncompete	10,000	(10,000)	-
Favorable Lease	6,000	(6,000)	-
Total Intangible Assets	<u>\$ 936,000</u>	<u>\$ (468,333)</u>	<u>\$ 467,667</u>
	2021		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Referral Relationships	\$ 920,000	\$ (360,333)	\$ 559,667
Noncompete	10,000	(9,792)	208
Favorable Lease	6,000	(6,000)	-
Total Intangible Assets	<u>\$ 936,000</u>	<u>\$ (376,125)</u>	<u>\$ 559,875</u>

Total intangible assets amortization expense for the years ended December 31, 2022 and 2021 was \$94,668 and \$94,667, respectively, and is included in depreciation and amortization expense on the consolidated statements of operations.

The future amortization of intangible assets as of December 31, 2022 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 92,000
2024	92,000
2025	92,000
2026	92,000
2027	92,000
Thereafter	7,667
Total	<u>\$ 467,667</u>

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments

Investments at Decembers 31 are carried at market value as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,636,499	\$ 2,872,142
Certificates of Deposit	3,304,680	3,295,414
Total Short-Term Investments	<u>\$ 6,941,179</u>	<u>\$ 6,167,556</u>
Equity Securities	\$ 1,732,186	\$ 1,667,012
Equity Funds	21,001,543	24,869,548
Fixed Income Funds	5,301,123	5,214,860
Corporate Bonds	1,338,222	2,794,265
Total Investments	<u>\$ 29,373,074</u>	<u>\$ 34,545,685</u>

Assets Limited as to Use

Assets limited as to use at December 31 are carried at market value as follows:

	<u>2022</u>	<u>2021</u>
Held by Trustee Under Indenture Agreement:		
U.S. Treasury Obligations	\$ 5,110,172	\$ 2,269,023
U.S. Government Securities	946,902	1,163,607
U.S. Government Money Funds	10,756,573	10,935,849
Corporate Bonds	10,631,922	15,884,395
Interest Receivable	80,954	50,967
Subtotal	<u>27,526,523</u>	<u>30,303,841</u>
Resident Funds and Deposits:		
Cash	96,876	101,685
Subtotal	<u>96,876</u>	<u>101,685</u>
Liquidity Agreement:		
Cash	1,000,000	1,000,000
Subtotal	<u>1,000,000</u>	<u>1,000,000</u>
Board-Designated Funds:		
Mutual Funds	533,548	599,259
Subtotal	<u>533,548</u>	<u>599,259</u>
Endowment Fund:		
Cash	115,146	93,840
Equity Funds	1,162,599	1,260,785
Subtotal	<u>1,277,745</u>	<u>1,354,625</u>
Total Assets Limited as to Use	30,434,692	33,359,410
Less: Current Portion	(6,761,760)	(4,995,527)
Assets Limited as to Use, Net of Current Portion	<u>\$ 23,672,932</u>	<u>\$ 28,363,883</u>

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Liquidity Agreement

In December 2015, Christian Living Communities entered into a liquidity support agreement with a nonaffiliated senior living organization (the Nonaffiliate). The liquidity support agreement was entered into with the Nonaffiliate to assist it with refinancing its outstanding bonds and to issue new debt to finance the construction of a new assisted living facility. Christian Living Communities has agreed to provide support to the Nonaffiliate up to \$1,000,000. The liquidity support can be reduced to \$500,000 for any fiscal year beginning on or after January 1, 2018 (initial reduction period) if certain occupancy and debt covenant requirements have been met by the Nonaffiliate. The liquidity support can be reduced to \$-0- for any fiscal year beginning after the initial reduction period if certain occupancy and debt covenant requirements have been met by the Nonaffiliate. There were no reductions of the liquidity required in fiscal years 2022 or 2021. The Nonaffiliate had entered into a management agreement with CLS to manage the new assisted living facility. During 2021, the Nonaffiliate expanded the management agreement and the Organization now manages the entire organization. Subsequent to year end, the Organization funded the \$1,000,000 liquidity support agreement with the Nonaffiliate.

Investment Income

Investment income and gains for cash and cash equivalents, assets limited as to use, and investments are comprised of the following for the years ended December 31:

	2022	2021
Interest Income, Net of Investment Fees	\$ 1,324,070	\$ 1,106,366
Realized Gains on Investments	472,967	1,308,433
Unrealized Gains (Losses) on Investments	(5,882,560)	1,367,052
Total Investment Income (Loss)	<u>\$ (4,085,523)</u>	<u>\$ 3,781,851</u>

NOTE 5 INVESTMENT IN AFFILIATES

The Organization's investment in affiliates balance consists of the following at December 31:

	2022	2021
Investment in CSP Holdings, LLC	\$ 242,762	\$ 242,762
Investment in Caring Communities	199,226	199,226
Total Investment in Affiliates	<u>\$ 441,988</u>	<u>\$ 441,988</u>

CSP Holdings, LLC

The Organization accounts for its investment in CSP Holdings, LLC under the equity method, as it has a 15.9% ownership interest and CSP Holdings, LLC identifies separate capital accounts. CSP Holdings, LLC was the sole member of Charitable Service Providers Reciprocal Risk Retention Group (CSPRRRG). CSPRRRG was a captive insurance corporation organized by and for the benefit of eldercare service providers that are similar in operation as the Organization. On January 1, 2015, CSPRRRG was changed to a reciprocal group captive and is now called Charitable Service Providers Reciprocal Group Captive.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 INVESTMENTS IN AFFILIATES (CONTINUED)

CSP Holdings, LLC (Continued)

On January 1, 2017, the Organization joined another captive insurance company and left CSPRRRG. As a result the Investment in CSP Holdings, LLC will be paid back to the Organization within five years. The Organization received \$-0- during 2022 and 2021.

Caring Communities

On January 1, 2017, the Organization entered into a claims-made policy for professional liability through Caring Communities, a Reciprocal Risk Retention Group (Caring Communities) domiciled in the District of Columbia, USA, which provides professional liability, general liability, employee benefits liability, and excess employer's liability insurance to its members. The Organization was required to make capital contributions totaling \$-0- during 2022 and 2021. The capital contributions are recorded as an investment using the cost method on the consolidated balance sheets. Investments recorded at cost are assessed for impairment each year.

The Organization also pays annual amounts to Caring Communities for their professional liability insurance coverage. The policy calls for a \$-0- deductible per occurrence and liability limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate. Depending on loss history and adequacy of capital, Caring Communities may, but is not obligated, to return a portion of premiums paid. Conversely, the Organization may be called upon to contribute additional funds to maintain adequate capital in Caring Communities.

NOTE 6 INVESTMENT IN JOINT VENTURE

In December 2019, the Organization became a 25% owner-member of the Perennial Consortium, LLC (Perennial). The primary purpose of Perennial is to develop provider-owned institutional-based Medicare Advantage special needs plans in Colorado and Ohio. Perennial has three other unrelated 25% owners including Ally Align Health, a for-profit company primarily responsible for guiding the development, marketing, and all other third-party administration responsibilities required to operate a Medicare Advantage special needs plan. Certain prescribed funding commitments from all owners were established in the operating agreement.

Perennial Advantage of Colorado and Ohio began covering members lives on January 1, 2021. As of December 31, 2021 and 2020 CLC had made capital contributions to Perennial in the amount of \$55,810 and \$179,492, respectively. Total capital contributions to Perennial as of December 31, 2022 and 2021 totaled \$1,799,201 and \$1,743,391, respectively. During fiscal years 2022 and 2021 the Organization recognized its share of the Perennial gains (losses) from operations in the amount of \$158,686 and (\$793,660), respectively. There were no distributions received by the Organization from Perennial during 2022 and 2021.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 LONG-TERM DEBT

At December 31, long-term debt consisted of the following:

	<u>2022</u>	<u>2021</u>
Bonds Payable, Series 2021	\$ 31,975,000	\$ 32,500,000
Bonds Payable, Series 2019	24,095,000	24,095,000
Bonds Payable, Series 2019 (Grand Junction)	21,495,000	21,775,000
Bonds Payable, Series 2016	56,560,000	58,625,000
Mortgage Payable	3,983,270	4,110,827
Total Long-Term Debt	<u>138,108,270</u>	<u>141,105,827</u>
Add: Unamortized Premium on Series 2021 Bonds	3,085,471	3,247,724
Add: Unamortized Premium on Series 2019 Bonds	2,270,314	2,421,530
Add: Unamortized Premium on Series 2019 Bonds	334,069	344,529
Add: Unamortized Premium on Series 2016 Bonds	5,065,728	5,436,674
Less: Deferred Financing Costs, Net	(3,503,451)	(3,699,179)
Less: Current Maturities	<u>(25,676,121)</u>	<u>(2,970,632)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 119,684,280</u>	<u>\$ 145,886,473</u>

Bonds Payable, Series 2021 (Obligated Group)

On October 1, 2021, the Organization issued tax-exempt revenue refunding and improvement bonds, Series 2021 in the amount of \$32,500,000. The net proceeds of the Series 2021 Bonds were used to refund \$8,085,000 of the Series 2011 Bonds and \$18,375,000 of the Series 2012 Bonds. Proceeds were also used to pay issuance costs, fund a project fund in the amount of \$11,848,452, and fund a common reserve fund for \$597,400, and release cash to the Organization of \$2,524,183. The Series 2021 Bonds have principal payments due in varying amounts through January 1, 2042. Interest is payable semi-annually at 4.00%.

Bonds Payable, Series 2019 (Obligated Group)

On October 1, 2019, the Organization issued tax-exempt revenue refunding and improvement bonds, Series 2019 in the amount of \$25,770,000. The net proceeds of the Series 2019 Bonds were used to refund \$20,635,000 of the Series 2012 Bonds. Proceeds were also used to pay issuance costs, fund a project fund in the amount of \$6,700,000, and fund a reserve fund for the Series 2019 Bonds. The Series 2019 Bonds have principal payments due in varying amounts through January 1, 2038. Interest is payable semi-annually at 4.00 to 5.00%.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable, Series 2019 (Grand Junction)

On November 1, 2019, Cappella Grand Junction, LLC issued tax-exempt revenue bonds, Series 2019 (Grand Junction) in the amount of \$22,240,000. These bonds are secured under a separate Indenture of Trust from the Christian Living Neighborhoods Obligated Group. The net proceeds of the Series 2019 Bonds (Grand Junction) were used to acquire an assisted living facility in Grand Junction, Colorado. Proceeds were also used to pay issuance costs, fund a working capital fund, and fund a reserve fund for the Series 2019 Bonds (Grand Junction). The Series 2019 Bonds (Grand Junction) have principal payments due in varying amounts through December 1, 2054. Interest is payable semi-annually at 3.625% to 5.00%. Christian Living Communities has provided a liquidity support agreement up to a maximum amount of \$1,300,000 in relation to the Series 2019 (Grand Junction) debt issuance. The liquidity support can be reduced to \$650,000 if for four consecutive fiscal quarters (Initial Burn-Off Period) certain debt covenant requirements have been met by Cappella Grand Junction, LLC. The liquidity support can be reduced to \$-0- if after the Initial Burn-off Period the certain debt covenant requirements have been met for another four consecutive fiscal quarters. During fiscal year 2022, Christian Living Communities funded the liquidity support agreement in the amount of \$1,300,000. The funding of the liquidity support agreement fulfilled the Christian Living Neighborhoods Obligated Group financial obligations to Cappella Grand Junction, LLC.

Bonds Payable, Series 2016 (Obligated Group)

On October 1, 2016, the Organization issued tax-exempt revenue refunding bonds, Series 2016 in the amount of \$66,610,000. The net proceeds of the Series 2016 Bonds were used to refund the Series 2006 A Bonds and refund \$16,360,000 of the Series 2011 A Bonds. Proceeds were also used to pay issuance costs and fund a reserve fund for the Series 2016 Bonds. The Series 2016 Bonds have principal payments due in varying amounts through January 1, 2037. Interest is payable semi-annually at 1.25% to 5.00%.

The outstanding bonds, except for the Series 2019 Grand Junction bonds, are secured under the master trust indenture by a deed of trust, the assignment of leases and rents, and the gross revenues of the obligated group.

Mortgage Payable

On April 12, 2018, the Organization entered into a mortgage note payable for \$4,450,000 with a financial institution for the acquisition of land and building. The mortgage note payable bears interest at a fixed rate of 5.25% and matures on April 12, 2028. Principal and interest payments are due monthly in the amount of \$26,478. The mortgage note payable is secured by the property acquired under the mortgage note payable.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Mortgage Payable (Continued)

Aggregate annual maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2023	\$ 25,676,121
2024	4,366,318
2025	4,567,982
2026	4,774,418
2027	4,991,649
Thereafter	93,731,782
Total	<u>\$ 138,108,270</u>

Restrictive Covenants

The provisions of the debt agreements of the bonds payable for the Christian Living Neighborhoods Obligated Group described above contain various restrictive covenants that limit the occurrence of additional debt and require certain measures of financial performance be satisfied as long as the bonds are outstanding. Management believes the Organization is in compliance with such covenants at December 31, 2022.

The provisions of the Cappella Grand Junction, LLC Series 2019 Indenture of Trust described above contain various restrictive covenants that require certain measures of financial performance be satisfied as long as the bonds are outstanding. Cappella Grand Junction, LLC did not meet its debt service coverage or days cash on hand requirements in fiscal year 2022 which is an event of default under the Indenture of Trust. Cappella Grand Junction, LLC is currently in the process of negotiating a forbearance agreement with the investors. As a result of not obtaining a forbearance agreement as of the date of the consolidated financial statements the Cappella Grand Junction outstanding debt has been shown in current maturities of long-term debt in the consolidated balance sheets.

The provisions of the mortgage payable described above requires certain measures of financial performance be satisfied as long as the mortgage payable is outstanding. Management believes the Organization is in compliance with such covenants at December 31, 2022.

Refinancing Transaction

In October 2021, the Organization refinanced its Series 2011 and 2012 Bonds through the issuance of the Series 2021 Bonds. The proceeds of the Series 2021 Bonds were used along with funds held by the trustee under the Series 2011 and 2012 bond issuances to refund the Series 2011 and 2012 Bonds, pay costs of issuance, fund a project fund, fund a common reserve fund, and to return cash to the Organization. As part of the refinancing transaction the Organization had to fund an escrow account to refund the Series 2011 and 2012 Bonds in January 2022 and wrote off the outstanding deferred financing costs and discount/premium related to the Series 2011 and 2012 Bond issuances. The refinancing transaction resulted in a loss on refinancing of \$947,339 which is included in the consolidated statements of operations.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 REFUNDABLE ADVANCE

On May 6, 2020, the Organization received a loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in the amount of \$4,140,600. The loan accrues interest at 1% with principal and interest payments due monthly starting either (1) the date the SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The loan payments were due over 18 months. There are provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain requirements being met. On June 10, 2021, the SBA forgave the PPP loan in full and the Organization recognized the revenue in fiscal year 2021 which is included in other revenue on the consolidated statements of operations. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, the Organization had net assets with donor restrictions for the following purposes:

	2022	2021
Subject to Expenditure for Specific Purpose:		
Benevolent Care	\$ 979,691	\$ 961,296
Scholarships	95,189	64,383
Shared Paid Time Off	62,314	60,068
Other Resident Needs	13,614	39,288
Total	1,150,808	1,125,035
Not Subject to Appropriation or Expenditure:		
Operating Endowment	690,274	690,274
Total Net Assets with Donor Restrictions	\$ 1,841,082	\$ 1,815,309

The Organization's endowment consists of funds not subject to appropriation or expenditure that were established to support the operations of the Organization. The endowment consists of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Interpretation of Relevant Law

The Organization is subject to the Colorado Uniform Prudent Management of Institutional Funds Act (the Act) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions to be held in perpetuity and requiring the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets not subject to appropriation or expenditure: (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets not subject to appropriation or expenditure is classified as net assets subject to expenditure until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Interpretation of Relevant Law (Continued)

The following is the changes in endowment net assets for the years ended December 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of the Year	\$ 193,049	\$ 690,274	\$ 883,323
Investment Income	-	27,369	27,369
Released from Restrictions	-	(27,369)	(27,369)
Endowment Net Assets - End of the Year	<u>\$ 193,049</u>	<u>\$ 690,274</u>	<u>\$ 883,323</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of the Year	\$ 193,049	\$ 690,274	\$ 883,323
Investment Income	-	142,905	142,905
Released from Restrictions	-	(142,905)	(142,905)
Endowment Net Assets - End of the Year	<u>\$ 193,049</u>	<u>\$ 690,274</u>	<u>\$ 883,323</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration. So-called underwater endowment funds (i.e., donor-restricted endowment funds for which the fair value of the fund is less than either the original gift amount or the amount required to be maintained by the donor or law) the aggregate amount by which funds are underwater, to be classified as part of net assets with donor restrictions. As of December 31, 2022 and 2021, there were no deficiencies reported in net assets without donor restrictions.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for their investment funds, including the permanent endowments that attempt to provide a balance of maintenance of adequate cash reserves, preservation of principal for funds designated as cash reserves, and growth of remaining assets within reasonable and prudent levels of risk. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that provide a total return, growth in income, and a predictive and dependable source of income.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Strategies Employed for Achieving Results

To satisfy its capital appreciation and expected results, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a balance of equity-based investments and fixed income investments to achieve its objectives within the risk constraints.

Spending Policy

The Organization has a policy (the spending policy) of appropriating for expenditure each year the investment return on the endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term.

NOTE 10 PENSION PLANS

Qualified Plan

The Organization has a 403(b) tax sheltered retirement plan covering substantially all employees. After two years of service, the employer has discretion to make contributions to the plan. The employer typically contributes a set percentage on an eligible employee's contributions. Pension expense was approximately \$251,000 and \$248,000 for the years ended December 31, 2022 and 2021, respectively.

The Organization has a 457(b) deferred compensation plan for eligible members of management. There is no vesting period for the contributions made by the Organization to the plan. The Organization may make contributions to the plan as approved by the board of directors, whereby contributions can be made to the plan but are not to exceed the maximum deferral limit in a traditional 403(b) plan. The Organization typically contributes a set percentage on an eligible employee's contributions. The Organization contributed approximately \$99,000 and \$57,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11 SIGNIFICANT CONCENTRATIONS AND CREDIT RISK

The Organization grants credit without collateral to its residents. The mix of accounts receivable from residents and third-party payors at December 31 was:

	<u>2022</u>	<u>2021</u>
Medicare	19.0 %	19.0 %
Medicaid	19.0	16.0
Private Pay	40.0	39.0
Other Third-Party Payors	22.0	26.0
Total	<u>100.0 %</u>	<u>100.0 %</u>

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE

Resident and Client Services Revenue

Resident and client services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that 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 facility receiving skilled nursing services or housing residents receiving services in the facility. The Organization considers daily services provided to residents of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

The opening and closing contract balances were as follows:

	Resident Receivables
	<hr/>
Balance as of January 1, 2021	\$ 2,816,614
Balance as of December 31, 2021	2,607,378
Balance as of December 31, 2022	2,880,265
	Deferred Revenue from Advance Fees
	<hr/>
Balance as of January 1, 2021	\$ 8,223,880
Balance as of December 31, 2021	8,696,794
Balance as of December 31, 2022	10,030,812

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, gift shop, salon, transportation, and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy and/or implicit price concessions provided to residents. The Organization determines its estimates of explicit price concessions based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

The Organization recognizes the majority of its revenues over a period of time from its payors based on fees for services performed. Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicaid

The skilled nursing facilities participate in the Medicaid program administered by the Colorado Department of Health Care Policy and Financing. The Medicaid rates are established prospectively; based on the facility's annual cost report; subject to limitations for the health care related services; administration is based on a price and the capital component is based on the fair rental allowance system. The direct health care related services component is adjusted quarterly, based on the facility's resident acuity.

Medicare

The licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services (SNFs). The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. On October 1, 2019, the Patient Driven Payment Model (PDPM) reimbursement system became effective. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2022 or 2021.

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 reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and client services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2022 and 2021. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as provision for uncollectible accounts.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized. Tables providing details of these factors are presented below.

The composition of resident services revenue by primary payor for the years ended December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Medicaid	\$ 7,907,429	\$ 7,611,966
Medicare	4,769,854	4,916,007
Managed Care and Other	3,717,385	4,052,374
Private Pay	<u>53,803,720</u>	<u>49,890,479</u>
Total	<u>\$ 70,198,388</u>	<u>\$ 66,470,826</u>

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

Revenue from residents' deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of resident services revenue by service line for the years ended December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Independent Living	\$ 24,784,456	\$ 22,506,254
Assisted Living	19,497,304	18,163,555
Skilled Nursing	23,764,547	22,711,201
Home Care	2,152,081	3,089,816
Total	<u>\$ 70,198,388</u>	<u>\$ 66,470,826</u>

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

NOTE 13 LEASES

The Organization's operating leases primarily consist of real estate for various terms under long-term, noncancelable lease agreements. The Organization determines if an arrangement is a lease at contract inception. Right-of-use assets and operating lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. Because most of the Organization's leases do not provide an implicit rate of return, the Organization uses a risk-free rate based on the daily treasury yield curve at lease commencement in determining the present value of lease payments.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 13 LEASES (CONTINUED)

Most leases include one or more options to renew, with renewal terms that can extend the lease term another five years. The exercise of such lease renewal options is at the Organization's sole discretion. For purposes of calculating operating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

Leases with a lease term of 12 months or less at commencement are not recorded on the consolidated balance sheets. Lease expense for these arrangements is recognized on a straight-line basis over the lease term. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the separate nonlease component as a single lease component.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Operating lease expense for the years ending December 31, 2022 and 2021 was approximately \$706,000 and \$677,000, respectively. Lease expense is included in administrative expenses on the consolidated statements of operations. The Organization paid \$687,557 and \$676,223 towards operating leases during 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the weighted average remaining lease term was 11.25 and 12.16 years, respectively, and the weighted average discount rate was 0.45%.

The following table summarizes the maturity of the operating lease liabilities for the next five years and the years thereafter, as of December 31, 2022:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 699,118
2024	685,770
2025	689,418
2026	676,353
2027	638,200
Thereafter	<u>4,530,463</u>
Total Lease Payments	7,919,322
Less: Imputed Interest	(203,818)
Less: Current Portion	<u>(671,933)</u>
Operating Lease Liabilities, Net of Current Portion	<u><u>\$ 7,043,571</u></u>

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 14 COMMITMENTS AND CONTINGENCIES

Operating Leases – Lessor

Revenue from lease payments is recognized under the accrual method. Lease payments are included in income as rents become due. Lease payment received in advance are deferred until earned. At the commencement of the operating lease, no revenue is recognized; subsequently, lease payments received by the Organization are recognized as income on a straight-line basis.

The Organization assumed various lease agreements as part of the purchase of CLC Eagle Pointe, LLC were the Organization is obligated to receive monthly payments ranging from approximately \$5,000 to \$17,000 through various lease expirations through August 2030. A summary of future minimum operating lease receipts under these leases is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 145,386
2024	64,564
2025	66,501
2026	68,496
2027	70,551
Thereafter	198,400
Total	<u><u>\$ 613,898</u></u>

Total rental income for the years ended December 31, 2022 and 2021 was approximately \$317,000.

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise in judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

Medical Malpractice Coverage

The Organization pays fixed premiums for annual professional liability insurance coverage under a claims-made policy. There were no claims outstanding at December 31, 2022 and 2021 and the Organization is not aware of any unasserted claims or unreported incidents that are expected to exceed malpractice insurance coverage limits.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employee Health Insurance

On January 1, 2020, the Organization became self-funded for health insurance. The Organization's employees and their dependents are eligible to participate in the Organization's employee health insurance plan. The Organization is partially self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$150,000 per claim. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The provision is included in accrued expenses on the consolidated balance sheets. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Organization's estimate will change by a material amount in the near term.

COVID-19 Pandemic

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2023 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2022.

As part of the Organization's response to the COVID-19 pandemic, it received payments from the CARES Act Provider Relief Fund (PRF), which is administered by the U.S. Department of Health and Human Services. The Organization received PRF payments in the amount of \$-0- and \$272,145 in 2022 and 2021, respectively, and fully recognized the amounts. The revenue recognized is included in other revenue on the consolidated statements of operations. The PRF payments have terms and conditions that the Organization is required to follow and these funds are subject to audit. As part of the PRF terms and conditions, amounts received by the Organization could potentially be recouped if not spent in full or if the amounts are not spent in accordance with the terms and conditions. Management believes the amounts have been recognized appropriately as of December 31, 2022 and 2021.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 15 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Assets Limited as to Use and Investments

The fair values of the investments and assets limited as to use are estimated based on quoted market prices for those or similar investments.

The following tables present the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of December 31:

<u>Assets</u>	2022			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 1,732,186	\$ 1,732,186	\$ -	\$ -
Equity Funds	21,001,543	21,001,543	-	-
Fixed Income Funds	5,301,123	5,301,123	-	-
Corporate Bonds	1,338,222	-	1,338,222	-
Assets Limited as to Use:				
U.S. Treasury Obligations	5,110,172	5,110,172	-	-
U.S. Government Securities	946,902	946,902	-	-
Corporate Bonds	10,631,922	-	10,631,922	-
Mutual Funds	533,548	533,548	-	-
Equity Funds	1,162,599	1,162,599	-	-
Total	<u>\$ 47,758,217</u>	<u>\$ 35,788,073</u>	<u>\$ 11,970,144</u>	<u>\$ -</u>

<u>Assets</u>	2021			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 1,667,012	\$ 1,667,012	\$ -	\$ -
Equity Funds	24,869,548	24,869,548	-	-
Fixed Income Funds	5,214,860	5,214,860	-	-
Corporate Bonds	2,794,265	-	2,794,265	-
Assets Limited as to Use:				
U.S. Treasury Obligations	2,269,023	2,269,023	-	-
U.S. Government Securities	1,163,607	1,163,607	-	-
Corporate Bonds	15,884,395	-	15,884,395	-
Mutual Funds	599,259	599,259	-	-
Equity Funds	1,260,785	1,260,785	-	-
Total	<u>\$ 55,722,754</u>	<u>\$ 37,044,094</u>	<u>\$ 18,678,660</u>	<u>\$ -</u>

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)**

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Point Holding, LLC	Subtotal	Eliminations	Consolidated Total
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 10,922,611	\$ (141,375)	\$ 51,637	\$ 9,735	\$ 120,258	\$ (92,147)	\$ 14,291	\$ 707,613	\$ 11,592,623	\$ -	\$ 11,592,623
Short-Term Investments	6,291,683	-	-	-	-	649,496	-	-	6,941,179	-	6,941,179
Current Portion of Assets Limited as to Use	6,761,760	-	-	-	-	-	-	-	6,761,760	-	6,761,760
Resident Accounts Receivable	2,227,233	-	-	146,185	80,694	82,734	343,419	-	2,880,265	-	2,880,265
Other Receivables	4,834,027	2,496,039	461,817	1,251	-	29,561	113,327	70,826	8,006,848	(7,094,028)	912,820
Supply Inventories	202,473	-	-	13,315	-	16,566	-	-	232,354	-	232,354
Intercompany	5,102,735	286,202	-	-	-	-	-	-	5,388,937	(5,388,937)	-
Prepaid Expenses	461,073	358,365	-	12,918	329,783	219,189	-	32,234	1,413,562	-	1,413,562
Total Current Assets	36,803,595	2,999,231	513,454	183,404	530,735	905,399	471,037	810,673	43,217,528	(12,482,965)	30,734,563
ASSETS LIMITED AS TO USE											
Held By Trustee Under Indenture Agreement	26,185,006	-	-	-	-	1,341,517	-	-	27,526,523	-	27,526,523
Resident Funds and Deposits	96,876	-	-	-	-	-	-	-	96,876	-	96,876
Liquidity Agreement	-	1,000,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Board-Designated Funds	-	533,548	-	-	-	-	-	-	533,548	-	533,548
Endowment Fund	1,277,745	-	-	-	-	-	-	-	1,277,745	-	1,277,745
Less: Current Portion	(6,761,760)	-	-	-	-	-	-	-	(6,761,760)	-	(6,761,760)
Total Assets Limited as to Use, Net of Current Portion	20,797,867	1,533,548	-	-	-	1,341,517	-	-	23,672,932	-	23,672,932
PROPERTY AND EQUIPMENT											
Land and Land Improvements	7,301,018	-	-	-	-	880,000	-	659,928	8,840,946	-	8,840,946
Building and Leasehold Improvements	198,699,129	2,943,671	-	131,241	62,660	17,345,922	-	4,822,746	224,005,369	-	224,005,369
Furniture, Equipment, and Vehicles	14,054,873	1,128,613	108,477	150,957	81,536	925,652	25,971	-	16,476,079	-	16,476,079
Construction in Progress	6,674,703	245,527	-	-	-	7,214	-	-	6,927,444	-	6,927,444
Total Property and Equipment	226,729,723	4,317,811	108,477	282,198	144,196	19,158,788	25,971	5,482,674	256,249,838	-	256,249,838
Less: Accumulated Depreciation	(92,164,349)	(1,326,201)	(86,647)	(111,022)	(44,087)	(1,610,991)	(17,176)	(745,649)	(96,106,122)	-	(96,106,122)
Property and Equipment, Net	134,565,374	2,991,610	21,830	171,176	100,109	17,547,797	8,795	4,737,025	160,143,716	-	160,143,716
OTHER ASSETS											
Right-of-Use Asset Under Operating Lease Agreements	-	-	-	274,631	7,159,346	-	41,024	-	7,475,001	-	7,475,001
Investments	27,868,721	1,504,353	-	-	-	-	-	-	29,373,074	-	29,373,074
Investment in Affiliates	242,762	199,226	-	-	-	-	-	-	441,988	-	441,988
Investment in Joint Venture	-	1,164,227	-	-	-	-	-	-	1,164,227	-	1,164,227
Intangible Assets, Net	-	-	-	-	-	-	467,667	-	467,667	-	467,667
Goodwill	-	-	-	-	-	-	968,976	-	968,976	-	968,976
Total Other Assets	28,111,483	2,867,806	-	274,631	7,159,346	-	1,477,667	-	39,890,933	-	39,890,933
Total Assets	\$ 220,278,319	\$ 10,392,195	\$ 535,284	\$ 629,211	\$ 7,790,190	\$ 19,794,713	\$ 1,957,499	\$ 5,547,698	\$ 266,925,109	\$ (12,482,965)	\$ 254,442,144

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Point Holding, LLC	Subtotal	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Current Maturities of Long-Term Debt	\$ 4,075,000	\$ -	\$ -	\$ -	\$ -	\$ 21,495,000	\$ -	\$ 106,121	\$ 25,676,121	\$ -	\$ 25,676,121
Accounts Payable	2,598,357	2,376,596	1,196,775	450,262	147,014	196,681	7,189	23,337	6,996,211	(3,537,944)	3,458,267
Intercompany	81,418	3,776,140	1,269,987	383,845	665,454	509,019	683,064	-	7,368,927	(7,368,927)	-
Accrued Expenses	1,304,136	2,462,005	92,164	117,775	42,663	70,297	44,988	224,556	4,358,584	(1,576,094)	2,782,490
Accrued Interest	2,589,884	-	-	-	-	86,676	-	7,880	2,684,440	-	2,684,440
Current Portion of Refundable Advance Fees	9,714,000	-	-	-	-	-	-	-	9,714,000	-	9,714,000
Current Portion of Operating Lease Liabilities	-	-	-	80,325	558,157	-	33,451	-	671,933	-	671,933
Deposits from Residents and Clients	2,140,622	-	-	19,477	10,647	5,226	201,375	23,686	2,401,033	-	2,401,033
Total Current Liabilities	22,503,417	8,614,741	2,558,926	1,051,684	1,423,935	22,362,899	970,067	385,580	59,871,249	(12,482,965)	47,388,284
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET											
	116,286,147	-	-	-	-	(479,016)	-	3,877,149	119,684,280	-	119,684,280
OTHER LIABILITIES											
Operating Lease Liabilities, Net of Current Portion	-	-	-	194,306	6,841,692	-	7,573	-	7,043,571	-	7,043,571
Refundable Advance Fees	95,070,962	-	-	-	-	-	-	-	95,070,962	-	95,070,962
Deferred Revenue from Advance Fees	10,030,812	-	-	-	-	-	-	-	10,030,812	-	10,030,812
Total Other Liabilities	105,101,774	-	-	194,306	6,841,692	-	7,573	-	112,145,345	-	112,145,345
Total Liabilities	243,891,338	8,614,741	2,558,926	1,245,990	8,265,627	21,883,883	977,640	4,262,729	291,700,874	(12,482,965)	279,217,909
NET ASSETS											
Net Assets Without Donor Restrictions	(24,334,319)	657,672	(2,023,642)	(616,779)	(475,437)	(2,089,170)	979,859	1,284,969	(26,616,847)	-	(26,616,847)
Net Assets With Donor Restrictions	721,300	1,119,782	-	-	-	-	-	-	1,841,082	-	1,841,082
Total Net Assets	(23,613,019)	1,777,454	(2,023,642)	(616,779)	(475,437)	(2,089,170)	979,859	1,284,969	(24,775,765)	-	(24,775,765)
Total Liabilities and Net Assets	\$ 220,278,319	\$ 10,392,195	\$ 535,284	\$ 629,211	\$ 7,790,190	\$ 19,794,713	\$ 1,957,499	\$ 5,547,698	\$ 266,925,109	\$ (12,482,965)	\$ 254,442,144

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)**

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminations	Consolidated Total
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 5,605,938	\$ 1,691,296	\$ (419,885)	\$ (34,279)	\$ 3,293	\$ 2,699	\$ (71,925)	\$ 635,290	\$ 7,412,427	\$ -	\$ 7,412,427
Short-Term Investments	5,204,993	-	-	-	-	962,563	-	-	6,167,556	-	6,167,556
Current Portion of Assets Limited as to Use	4,995,527	-	-	-	-	-	-	-	4,995,527	-	4,995,527
Resident Accounts Receivable	1,965,803	-	-	104,218	71,391	35,641	430,325	-	2,607,378	-	2,607,378
Other Receivables	5,966,460	1,630,505	606,063	-	64,012	34,217	113,327	36,867	8,451,451	(7,078,643)	1,372,808
Supply Inventories	182,087	543,493	-	-	-	-	-	-	725,580	-	725,580
Intercompany	5,484,787	201,941	-	-	-	-	-	-	5,686,728	(5,686,728)	-
Prepaid Expenses	561,884	268,449	-	6,425	319,602	174,141	-	30,722	1,361,223	-	1,361,223
Total Current Assets	29,967,479	4,335,684	186,178	76,364	458,298	1,209,261	471,727	702,879	37,407,870	(12,765,371)	24,642,499
ASSETS LIMITED AS TO USE											
Held By Trustee Under Indenture Agreement	28,508,228	-	-	-	-	1,795,613	-	-	30,303,841	-	30,303,841
Resident Funds and Deposits	101,685	-	-	-	-	-	-	-	101,685	-	101,685
Liquidity Agreement	-	1,000,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Board-Designated Funds	-	599,259	-	-	-	-	-	-	599,259	-	599,259
Endowment Fund	1,354,625	-	-	-	-	-	-	-	1,354,625	-	1,354,625
Less: Current Portion	(4,995,527)	-	-	-	-	-	-	-	(4,995,527)	-	(4,995,527)
Total Assets Limited as to Use, Net of Current Portion	24,969,011	1,599,259	-	-	-	1,795,613	-	-	28,363,883	-	28,363,883
PROPERTY AND EQUIPMENT											
Land and Land Improvements	7,298,348	-	-	-	-	880,000	-	659,928	8,838,276	-	8,838,276
Building and Leasehold Improvements	189,794,642	2,943,671	-	122,891	35,665	17,306,014	-	4,790,072	214,992,955	-	214,992,955
Furniture, Equipment, and Vehicles	13,875,340	969,693	104,866	57,768	33,526	902,767	25,971	-	15,969,931	-	15,969,931
Construction in Progress	10,398,433	127,647	-	-	-	-	-	-	10,526,080	-	10,526,080
Total Property and Equipment	221,366,763	4,041,011	104,866	180,659	69,191	19,088,781	25,971	5,450,000	250,327,242	-	250,327,242
Less: Accumulated Depreciation	(84,924,914)	(977,529)	(71,926)	(84,583)	(22,654)	(1,091,471)	(12,658)	(584,814)	(87,770,549)	-	(87,770,549)
Property and Equipment, Net	136,441,849	3,063,482	32,940	96,076	46,537	17,997,310	13,313	4,865,186	162,556,693	-	162,556,693
OTHER ASSETS											
Right-of-Use Asset Under Operating Lease Agreements	-	-	-	348,178	7,760,727	-	74,384	-	8,183,289	-	8,183,289
Investments	32,880,050	1,665,635	-	-	-	-	-	-	34,545,685	-	34,545,685
Investment in Affiliates	242,762	199,226	-	-	-	-	-	-	441,988	-	441,988
Investment in Joint Venture	-	949,731	-	-	-	-	-	-	949,731	-	949,731
Intangible Assets, Net	-	-	-	-	-	-	559,875	-	559,875	-	559,875
Goodwill	-	-	-	-	-	1,970,000	968,976	-	2,938,976	-	2,938,976
Total Other Assets	33,122,812	2,814,592	-	348,178	7,760,727	1,970,000	1,603,235	-	47,619,544	-	47,619,544
Total Assets	\$ 224,501,151	\$ 11,813,017	\$ 219,118	\$ 520,618	\$ 8,265,562	\$ 22,972,184	\$ 2,088,275	\$ 5,568,065	\$ 275,947,990	\$ (12,765,371)	\$ 263,182,619

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Current Maturities of Long-Term Debt	\$ 2,590,000	\$ -	\$ -	\$ -	\$ -	\$ 280,000	\$ -	\$ 100,632	\$ 2,970,632	\$ -	\$ 2,970,632
Accounts Payable	3,337,196	2,400,346	-	57,244	100,639	54,366	28,414	7,994	5,986,199	(1,767,293)	4,218,906
Intercompany	2,651,501	1,500,000	1,284,736	406,816	775,399	1,575,810	372,456	-	8,566,718	(8,566,718)	-
Accrued Expenses	908,504	3,694,408	120,275	88,082	24,924	88,201	55,003	226,222	5,205,619	(2,431,360)	2,774,259
Accrued Interest	2,303,842	-	-	-	-	87,522	-	7,890	2,399,254	-	2,399,254
Current Portion of Refundable Advance Fees	8,894,000	-	-	-	-	-	-	-	8,894,000	-	8,894,000
Current Portion of Operating Lease Liabilities	-	-	-	73,547	530,479	-	33,360	-	637,386	-	637,386
Deposits from Residents and Clients	2,224,100	-	-	19,477	(3,250)	(1,557)	200,427	23,686	2,462,883	-	2,462,883
Total Current Liabilities	22,909,143	7,594,754	1,405,011	645,166	1,428,191	2,084,342	689,660	366,424	37,122,691	(12,765,371)	24,357,320
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET											
	120,875,290	-	-	-	-	21,000,988	-	4,010,195	145,886,473	-	145,886,473
OTHER LIABILITIES											
Operating Lease Liabilities, Net of Current Portion	-	-	-	274,631	7,413,544	-	41,024	-	7,729,199	-	7,729,199
Refundable Advance Fees	88,722,726	-	-	-	-	-	-	-	88,722,726	-	88,722,726
Deferred Revenue from Advance Fees	8,696,794	-	-	-	-	-	-	-	8,696,794	-	8,696,794
Total Other Liabilities	97,419,520	-	-	274,631	7,413,544	-	41,024	-	105,148,719	-	105,148,719
Total Liabilities	241,203,953	7,594,754	1,405,011	919,797	8,841,735	23,085,330	730,684	4,376,619	288,157,883	(12,765,371)	275,392,512
NET ASSETS											
Net Assets Without Donor Restrictions	(17,446,659)	3,146,811	(1,185,893)	(399,179)	(576,173)	(113,146)	1,357,591	1,191,446	(14,025,202)	-	(14,025,202)
Net Assets With Donor Restrictions	743,857	1,071,452	-	-	-	-	-	-	1,815,309	-	1,815,309
Total Net Assets	(16,702,802)	4,218,263	(1,185,893)	(399,179)	(576,173)	(113,146)	1,357,591	1,191,446	(12,209,893)	-	(12,209,893)
Total Liabilities and Net Assets	\$ 224,501,151	\$ 11,813,017	\$ 219,118	\$ 520,618	\$ 8,265,562	\$ 22,972,184	\$ 2,088,275	\$ 5,568,065	\$ 275,947,990	\$ (12,765,371)	\$ 263,182,619

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS											
Resident and Client Services Revenue	\$ 59,789,601	\$ -	\$ -	\$ 2,312,210	\$ 2,457,361	\$ 3,526,251	\$ 2,152,081	\$ -	\$ 70,237,504	\$ (39,116)	\$ 70,198,388
Amortization of Advance Fees	1,650,802	-	-	-	-	-	-	-	1,650,802	-	1,650,802
Other Revenue	1,083,026	7,468,568	2,484,328	291,468	91,032	57,600	-	769,848	12,245,870	(7,853,520)	4,392,350
Contributions	189,395	247,844	-	-	-	-	-	-	437,239	-	437,239
Net Assets Released from Restrictions Used for Operations	79,144	126,985	-	-	-	-	-	-	206,129	-	206,129
Total Revenues and Other Support Without Donor Restrictions	62,791,968	7,843,397	2,484,328	2,603,678	2,548,393	3,583,851	2,152,081	769,848	84,777,544	(7,892,636)	76,884,908
EXPENSES											
Salaries and Benefits	24,774,484	5,642,548	-	1,120,205	1,076,353	1,391,581	1,977,642	-	35,982,813	-	35,982,813
Purchased Services	5,857,684	2,437,481	804,162	554,908	85,822	391,064	74,391	-	10,205,512	(2,761)	10,202,751
Medical Supplies and Drugs	866,753	-	-	8,743	572	6,024	353	-	882,445	-	882,445
Dietary Expenses	9,631,561	24,047	138	631,891	174,949	651,312	129	-	11,114,027	(18,512)	11,095,515
Administrative Expenses	3,061,363	(84,056)	212,169	219,220	796,336	345,298	149,195	-	4,699,525	(400,947)	4,298,578
Management Fees	4,626,281	-	2,313,717	103,835	79,320	209,471	215,842	31,701	7,580,167	(7,434,416)	145,751
Insurance	690,690	261,366	-	51,815	56,014	167,192	8,736	4,888	1,240,701	-	1,240,701
Bond Fees	104,982	-	-	-	-	10,877	-	-	115,859	-	115,859
Utilities	1,927,271	-	-	102,502	116,679	140,004	-	89,958	2,376,414	-	2,376,414
Depreciation and Amortization	7,635,344	348,672	14,721	26,439	21,433	519,520	96,727	160,835	8,823,691	-	8,823,691
Interest	4,674,023	-	-	-	-	1,064,413	-	154,077	5,892,513	-	5,892,513
Other	1,698,262	371,172	-	-	17,976	12,892	-	234,866	2,335,168	(36,000)	2,299,168
Impairment of Goodwill	-	-	-	-	-	1,970,000	-	-	1,970,000	-	1,970,000
Provision for Uncollectible Accounts	120,265	-	(18,000)	7,486	22,531	6,564	16,551	-	155,397	-	155,397
Total Expenses	65,668,963	9,001,230	3,326,907	2,827,044	2,447,985	6,886,212	2,539,566	676,325	93,374,232	(7,892,636)	85,481,596
OPERATING GAIN (LOSS)	(2,876,995)	(1,157,833)	(842,579)	(223,366)	100,408	(3,302,361)	(387,485)	93,523	(8,596,688)	-	(8,596,688)
OTHER INCOME (EXPENSE)											
Interest Income	1,224,021	30,361	-	-	-	35,738	-	-	1,290,120	-	1,290,120
Realized Gains on Investments	458,857	14,110	-	-	-	-	-	-	472,967	-	472,967
Unrealized Losses on Investments	(5,655,378)	(227,182)	-	-	-	-	-	-	(5,882,560)	-	(5,882,560)
Loss on Disposal of Property and Equipment	(34,170)	-	-	-	-	-	-	-	(34,170)	-	(34,170)
Gain from Investment in Joint Venture	-	158,686	-	-	-	-	-	-	158,686	-	158,686
Total Other Income (Expense)	(4,006,670)	(24,025)	-	-	-	35,738	-	-	(3,994,957)	-	(3,994,957)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ (6,883,665)</u>	<u>\$ (1,181,858)</u>	<u>\$ (842,579)</u>	<u>\$ (223,366)</u>	<u>\$ 100,408</u>	<u>\$ (3,266,623)</u>	<u>\$ (387,485)</u>	<u>\$ 93,523</u>	<u>\$ (12,591,645)</u>	<u>\$ -</u>	<u>\$ (12,591,645)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS											
Resident and Client Services Revenue	\$ 55,471,679	\$ -	\$ -	\$ 2,035,224	\$ 1,878,444	\$ 4,049,336	\$ 3,089,816	\$ -	\$ 66,524,499	\$ (53,673)	\$ 66,470,826
Amortization of Advance Fees	1,519,148	-	-	-	-	-	-	-	1,519,148	-	1,519,148
Other Revenue	5,621,400	7,173,588	3,308,236	5,885	17,530	14,399	-	764,120	16,905,158	(7,611,563)	9,293,595
Contributions	1,021,674	219,034	-	-	-	-	-	-	1,240,708	-	1,240,708
Net Assets Released from Restrictions Used for Operations	156,903	95,542	-	-	-	-	-	-	252,445	-	252,445
Total Revenues and Other Support Without Donor Restrictions	63,790,804	7,488,164	3,308,236	2,041,109	1,895,974	4,063,735	3,089,816	764,120	86,441,958	(7,665,236)	78,776,722
EXPENSES											
Salaries and Benefits	23,903,159	5,253,715	-	966,385	916,620	1,427,084	2,719,240	-	35,186,203	-	35,186,203
Purchased Services	4,814,370	1,865,790	1,545,777	339,115	87,101	297,817	91,288	-	9,041,258	(9,827)	9,031,431
Medical Supplies and Drugs	1,085,895	-	-	7,658	-	5,262	3,017	-	1,101,832	-	1,101,832
Dietary Expenses	8,948,482	9,746	219	524,533	133,392	665,922	-	-	10,282,294	(4,791)	10,277,503
Administrative Expenses	2,320,412	207,081	387,058	179,461	754,950	250,878	181,691	-	4,281,531	(421,820)	3,859,711
Management Fees	4,137,251	-	2,152,873	144,418	109,320	346,949	291,531	30,193	7,212,535	(7,182,451)	30,084
Insurance	900,704	90,256	-	31,034	58,329	77,500	11,641	4,056	1,173,520	-	1,173,520
Bond Fees	110,241	-	-	-	-	14,023	-	-	124,264	-	124,264
Utilities	1,910,563	-	-	93,882	93,181	98,078	-	83,428	2,279,132	-	2,279,132
Depreciation and Amortization	7,111,471	334,935	27,935	27,080	12,315	505,985	99,892	160,835	8,280,448	-	8,280,448
Interest	5,008,331	-	-	-	-	1,074,231	-	187,100	6,269,662	-	6,269,662
Other	1,248,897	159,340	16,369	-	22,771	9,447	-	217,387	1,674,211	(46,347)	1,627,864
Provision for Uncollectible Accounts	229,588	-	22,916	12,623	6,764	709	124,252	-	396,852	-	396,852
Total Expenses	61,729,364	7,920,863	4,153,147	2,326,189	2,194,743	4,773,885	3,522,552	682,999	87,303,742	(7,665,236)	79,638,506
OPERATING GAIN (LOSS)	2,061,440	(432,699)	(844,911)	(285,080)	(298,769)	(710,150)	(432,736)	81,121	(861,784)	-	(861,784)
OTHER INCOME (EXPENSE)											
Interest Income	1,031,854	43,130	-	-	-	547	-	-	1,075,531	-	1,075,531
Realized Gains on Investments	1,236,496	71,937	-	-	-	-	-	-	1,308,433	-	1,308,433
Unrealized Gains on Investments	1,285,164	81,888	-	-	-	-	-	-	1,367,052	-	1,367,052
Gain on Disposal of Property and Equipment	278,567	-	-	-	-	-	-	-	278,567	-	278,567
Loss from Investment in Joint Venture	-	(793,660)	-	-	-	-	-	-	(793,660)	-	(793,660)
Loss on Refinancing of Long-Term Debt	(947,339)	-	-	-	-	-	-	-	(947,339)	-	(947,339)
Total Other Income (Expense)	2,884,742	(596,705)	-	-	-	547	-	-	2,288,584	-	2,288,584
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 4,946,182	\$ (1,029,404)	\$ (844,911)	\$ (285,080)	\$ (298,769)	\$ (709,603)	\$ (432,736)	\$ 81,121	\$ 1,426,800	\$ -	\$ 1,426,800

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS											
Excess (Deficit) of Revenues Over Expenses	\$ (6,883,665)	\$ (1,181,858)	\$ (842,579)	\$ (223,366)	\$ 100,408	\$ (3,266,623)	\$ (387,485)	\$ 93,523	\$ (12,591,645)	\$ -	\$ (12,591,645)
Transfer of Net Assets	(3,996)	(1,307,280)	4,830	5,766	328	1,290,599	9,753	-	-	-	-
Change in Net Assets Without Donor Restrictions	(6,887,661)	(2,489,138)	(837,749)	(217,600)	100,736	(1,976,024)	(377,732)	93,523	(12,591,645)	-	(12,591,645)
NET ASSETS WITH DONOR RESTRICTIONS											
Contributions	29,384	168,568	-	-	-	-	-	-	197,952	-	197,952
Interest Income	27,204	6,746	-	-	-	-	-	-	33,950	-	33,950
Net Assets Released from Restrictions	(79,144)	(126,985)	-	-	-	-	-	-	(206,129)	-	(206,129)
Change in Net Assets With Donor Restrictions	(22,556)	48,329	-	-	-	-	-	-	25,773	-	25,773
TOTAL CHANGE IN NET ASSETS	(6,910,217)	(2,440,809)	(837,749)	(217,600)	100,736	(1,976,024)	(377,732)	93,523	(12,565,872)	-	(12,565,872)
Net Assets - Beginning of Year	(16,702,802)	4,218,263	(1,185,893)	(399,179)	(576,173)	(113,146)	1,357,591	1,191,446	(12,209,893)	-	(12,209,893)
NET ASSETS - END OF YEAR	<u>\$ (23,613,019)</u>	<u>\$ 1,777,454</u>	<u>\$ (2,023,642)</u>	<u>\$ (616,779)</u>	<u>\$ (475,437)</u>	<u>\$ (2,089,170)</u>	<u>\$ 979,859</u>	<u>\$ 1,284,969</u>	<u>\$ (24,775,765)</u>	<u>\$ -</u>	<u>\$ (24,775,765)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS											
Excess (Deficit) of Revenues Over Expenses	\$ 4,946,182	\$ (1,029,404)	\$ (844,911)	\$ (285,080)	\$ (298,769)	\$ (709,603)	\$ (432,736)	\$ 81,121	\$ 1,426,800	\$ -	\$ 1,426,800
Transfer of Net Assets	2,833,472	(3,291,000)	(71,956)	34,738	-	419,132	75,614	-	-	-	-
Change in Net Assets Without Donor Restrictions	7,779,654	(4,320,404)	(916,867)	(250,342)	(298,769)	(290,471)	(357,122)	81,121	1,426,800	-	1,426,800
NET ASSETS WITH DONOR RESTRICTIONS											
Contributions	21,773	223,320	-	-	-	-	-	-	245,093	-	245,093
Interest Income	24,173	6,662	-	-	-	-	-	-	30,835	-	30,835
Net Assets Released from Restrictions	(156,903)	(95,542)	-	-	-	-	-	-	(252,445)	-	(252,445)
Change in Net Assets With Donor Restrictions	(110,957)	134,440	-	-	-	-	-	-	23,483	-	23,483
TOTAL CHANGE IN NET ASSETS	7,668,697	(4,185,964)	(916,867)	(250,342)	(298,769)	(290,471)	(357,122)	81,121	1,450,283	-	1,450,283
Net Assets - Beginning of Year	(24,371,499)	8,404,227	(269,026)	(148,837)	(277,404)	177,325	1,714,713	1,110,325	(13,660,176)	-	(13,660,176)
NET ASSETS - END OF YEAR	<u>\$ (16,702,802)</u>	<u>\$ 4,218,263</u>	<u>\$ (1,185,893)</u>	<u>\$ (399,179)</u>	<u>\$ (576,173)</u>	<u>\$ (113,146)</u>	<u>\$ 1,357,591</u>	<u>\$ 1,191,446</u>	<u>\$ (12,209,893)</u>	<u>\$ -</u>	<u>\$ (12,209,893)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Total Change in Net Assets	\$ (6,910,217)	\$ (2,440,809)	\$ (837,749)	\$ (217,600)	\$ 100,736	\$ (1,976,024)	\$ (377,732)	\$ 93,523	\$ (12,565,872)	\$ -	\$ (12,565,872)
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:											
Depreciation and Amortization	7,635,344	348,672	14,721	26,439	21,433	519,520	96,727	160,835	8,823,691	-	8,823,691
Interest Expense - Amortization on Deferred Finance Costs	170,272	-	-	-	-	25,456	-	-	195,728	-	195,728
Loss on Disposal of Property and Equipment	34,170	-	-	-	-	-	-	-	34,170	-	34,170
Amortization on Bond Discount/Premium, Net	(684,415)	-	-	-	-	(10,460)	-	-	(694,875)	-	(694,875)
Amortization of Advance Fees	(1,650,802)	-	-	-	-	-	-	-	(1,650,802)	-	(1,650,802)
Provision for Uncollectible Accounts	120,265	-	(18,000)	7,486	22,531	6,564	16,551	-	155,397	-	155,397
Realized Gains on Investments	(458,857)	(14,110)	-	-	-	-	-	-	(472,967)	-	(472,967)
Unrealized Losses on Investments	5,655,378	227,182	-	-	-	-	-	-	5,882,560	-	5,882,560
Gain from Investment in Joint Venture	-	(158,686)	-	-	-	-	-	-	(158,686)	-	(158,686)
Impairment of Goodwill	-	-	-	-	-	1,970,000	-	-	1,970,000	-	1,970,000
Non-Cash Lease Expense	-	-	-	73,547	601,381	-	33,360	-	708,288	-	708,288
(Increase) Decrease in:											
Resident Accounts Receivable	(381,695)	-	-	(49,453)	(31,834)	(53,657)	70,355	-	(446,284)	-	(446,284)
Other Receivables	1,132,433	(865,534)	162,246	(1,251)	64,012	4,656	-	(33,959)	462,603	(900,000)	(437,397)
Prepaid Expenses and Supply Inventories	80,425	453,577	-	(19,808)	(10,181)	(61,614)	-	(1,512)	440,887	-	440,887
Intercompany	(2,188,031)	2,191,879	(14,749)	(22,971)	(109,945)	(1,066,791)	310,608	-	(900,000)	900,000	-
Increase (Decrease) in:											
Accounts Payable and Accrued Expenses	521,496	(1,256,153)	1,168,664	422,711	64,114	123,565	(31,240)	13,667	1,026,824	-	1,026,824
Operating Lease Liabilities	-	-	-	(73,547)	(544,174)	-	(33,360)	-	(651,081)	-	(651,081)
Deposits from Residents	(83,478)	-	-	-	13,897	6,783	948	-	(61,850)	-	(61,850)
Net Cash Provided (Used) by Operating Activities	2,992,288	(1,513,982)	475,133	145,553	191,970	(512,002)	86,217	232,554	2,097,731	-	2,097,731
CASH FLOWS FROM INVESTING ACTIVITIES											
Purchase of Investments	(833,036)	(51,790)	-	-	-	-	-	-	(884,826)	-	(884,826)
Proceeds from Sale of Investments	204,734	-	-	-	-	313,067	-	-	517,801	-	517,801
Purchase of Property and Equipment	(6,371,700)	(276,800)	(3,611)	(101,539)	(75,005)	(70,007)	(1)	(32,674)	(6,931,337)	-	(6,931,337)
Investment in Joint Venture	-	(55,810)	-	-	-	-	-	-	(55,810)	-	(55,810)
Net Change in Assets Limited as to Use	1,756,522	65,711	-	-	-	454,096	-	-	2,276,329	-	2,276,329
Net Cash Provided (Used) by Investing Activities	(5,243,480)	(318,689)	(3,611)	(101,539)	(75,005)	697,156	(1)	(32,674)	(5,077,843)	-	(5,077,843)
CASH FLOWS FROM FINANCING ACTIVITIES											
Principal Payments on Long-Term Debt	(2,590,000)	-	-	-	-	(280,000)	-	(127,557)	(2,997,557)	-	(2,997,557)
Proceeds from Entrance Fees, Net of Refunds	10,153,056	-	-	-	-	-	-	-	10,153,056	-	10,153,056
Net Cash Provided (Used) by Financing Activities	7,563,056	-	-	-	-	(280,000)	-	(127,557)	7,155,499	-	7,155,499
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	5,311,864	(1,832,671)	471,522	44,014	116,965	(94,846)	86,216	72,323	4,175,387	-	4,175,387
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	5,707,623	2,691,296	(419,885)	(34,279)	3,293	2,699	(71,925)	635,290	8,514,112	-	8,514,112
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 11,019,487</u>	<u>\$ 858,625</u>	<u>\$ 51,637</u>	<u>\$ 9,735</u>	<u>\$ 120,258</u>	<u>\$ (92,147)</u>	<u>\$ 14,291</u>	<u>\$ 707,613</u>	<u>\$ 12,689,499</u>	<u>\$ -</u>	<u>\$ 12,689,499</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Total Change in Net Assets	\$ 7,668,697	\$ (4,185,964)	\$ (916,867)	\$ (250,342)	\$ (298,769)	\$ (290,471)	\$ (357,122)	\$ 81,121	\$ 1,450,283	\$ -	\$ 1,450,283
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:											
Depreciation and Amortization	7,111,471	334,935	27,935	27,080	12,315	505,985	99,892	160,835	8,280,448	-	8,280,448
Interest Expense - Amortization on Deferring Financing Costs	170,091	-	-	-	-	25,457	-	-	195,548	-	195,548
Loss on Refinancing of Long-Term Debt	947,339	-	-	-	-	-	-	-	947,339	-	947,339
Gain on Disposal of Property and Equipment	(278,567)	-	-	-	-	-	-	-	(278,567)	-	(278,567)
Amortization on Bond Discount/Premium, Net	(563,287)	-	-	-	-	(10,459)	-	-	(573,746)	-	(573,746)
Amortization of Advance Fees	(1,519,148)	-	-	-	-	-	-	-	(1,519,148)	-	(1,519,148)
Provision for Uncollectible Accounts	229,588	-	22,916	12,623	6,764	709	124,252	-	396,852	-	396,852
Realized Gains on Investments	(1,236,496)	(71,937)	-	-	-	-	-	-	(1,308,433)	-	(1,308,433)
Unrealized Gains on Investments	(1,285,164)	(81,888)	-	-	-	-	-	-	(1,367,052)	-	(1,367,052)
Loss on Investment in Joint Venture	-	793,660	-	-	-	-	-	-	793,660	-	793,660
Non-Cash Lease Expense	-	-	-	59,941	599,020	-	32,239	-	691,200	-	691,200
(Increase) Decrease in:											
Resident Accounts Receivable	(150,701)	-	-	(15,163)	(45,610)	(5,490)	52,264	-	(164,700)	-	(164,700)
Other Receivables	(3,291,108)	(173,598)	27,323	-	(64,012)	(10,656)	(113,327)	(32,720)	(3,658,098)	-	(3,658,098)
Prepaid Expenses and Supply Inventories	(86,820)	242,801	-	3,166	3,981	(91,474)	-	453	72,107	-	72,107
Intercompany	(1,141,465)	95,683	334,854	206,225	281,821	101,533	121,349	-	-	-	-
Increase (Decrease) in:											
Accounts Payable and Accrued Expenses	(254,786)	3,575,088	(38,190)	64,309	85,625	9,549	4,037	21,436	3,467,068	-	3,467,068
Refundable Advance	(4,140,600)	-	-	-	-	-	-	-	(4,140,600)	-	(4,140,600)
Operating Lease Liabilities	-	-	-	(68,808)	(530,479)	-	(32,398)	-	(631,685)	-	(631,685)
Deposits from Residents	330,909	-	-	(1,651)	(26,441)	2,600	(8,045)	(28,139)	269,233	-	269,233
Net Cash Provided (Used) by Operating Activities	2,509,953	528,780	(542,029)	37,380	24,215	237,283	(76,859)	202,986	2,921,709	-	2,921,709
CASH FLOWS FROM INVESTING ACTIVITIES											
Purchase of Investments	(2,020,353)	(37,603)	-	-	-	(113)	-	-	(2,058,069)	-	(2,058,069)
Proceeds from Sale of Investments	1,380,439	-	-	-	-	-	-	-	1,380,439	-	1,380,439
Purchase of Property and Equipment	(13,720,422)	(96,740)	-	(18,476)	(34,514)	(46,240)	(2,063)	-	(13,918,455)	-	(13,918,455)
Proceeds from Disposal of Property and Equipment	489,804	-	-	-	-	-	-	-	489,804	-	489,804
Investment in Joint Venture	-	(179,492)	-	-	-	-	-	-	(179,492)	-	(179,492)
Net Change in Assets Limited as to Use	4,764,403	(42,740)	-	-	-	4,227	-	-	4,725,890	-	4,725,890
Net Cash Used by Investing Activities	(9,106,129)	(356,575)	-	(18,476)	(34,514)	(42,126)	(2,063)	-	(9,559,883)	-	(9,559,883)
CASH FLOWS FROM FINANCING ACTIVITIES											
Issuance of Long-Term Debt	2,524,183	-	-	-	-	-	-	-	2,524,183	-	2,524,183
Principal Payments on Long-Term Debt	(3,655,000)	-	-	-	-	(270,000)	-	(109,139)	(4,034,139)	-	(4,034,139)
Proceeds from Entrance Fees, Net of Refunds	5,723,035	-	-	-	-	-	-	-	5,723,035	-	5,723,035
Net Cash Provided (Used) by Financing Activities	4,592,218	-	-	-	-	(270,000)	-	(109,139)	4,213,079	-	4,213,079
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,003,958)	172,205	(542,029)	18,904	(10,299)	(74,843)	(78,922)	93,847	(2,425,095)	-	(2,425,095)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	7,711,581	2,519,091	122,144	(53,183)	13,592	77,542	6,997	541,443	10,939,207	-	10,939,207
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 5,707,623</u>	<u>\$ 2,691,296</u>	<u>\$ (419,885)</u>	<u>\$ (34,279)</u>	<u>\$ 3,293</u>	<u>\$ 2,699</u>	<u>\$ (71,925)</u>	<u>\$ 635,290</u>	<u>\$ 8,514,112</u>	<u>\$ -</u>	<u>\$ 8,514,112</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 2,489,230	\$ 5,090	\$ 2,819,031	\$ 222,244	\$ 5,489,397	\$ (102,381)	\$ 10,922,611	\$ -	\$ 10,922,611
Short-Term Investments	-	-	6,291,683	-	-	-	6,291,683	-	6,291,683
Current Portion of Assets Limited as to Use	4,075,000	-	1,523,778	334,562	828,420	-	6,761,760	-	6,761,760
Resident Accounts Receivable	-	-	460,378	1,152,612	614,243	-	2,227,233	-	2,227,233
Other Receivables	5,154,577	-	1,606,271	11,435	5,924	1,304,324	8,082,531	(3,248,504)	4,834,027
Supply Inventories	-	-	68,244	89,609	44,620	-	202,473	-	202,473
Intercompany	10,061,111	-	8,770,201	-	613,045	-	19,444,357	(14,341,622)	5,102,735
Prepaid Expenses	-	-	278,805	117,157	65,111	-	461,073	-	461,073
Total Current Assets	21,779,918	5,090	21,818,391	1,927,619	7,660,760	1,201,943	54,393,721	(17,590,126)	36,803,595
ASSETS LIMITED AS TO USE									
Held By Trustee Under Indenture Agreement	19,535,371	-	3,963,822	594,864	2,090,949	-	26,185,006	-	26,185,006
Resident Funds and Deposits	-	-	38,557	5,026	53,293	-	96,876	-	96,876
Endowment Fund	-	-	-	-	-	1,277,745	1,277,745	-	1,277,745
Less: Current Portion	(4,075,000)	-	(1,523,778)	(334,562)	(828,420)	-	(6,761,760)	-	(6,761,760)
Total Assets Limited as to Use, Net of Current Portion	15,460,371	-	2,478,601	265,328	1,315,822	1,277,745	20,797,867	-	20,797,867
PROPERTY AND EQUIPMENT									
Land and Land Improvements	145,879	-	3,670,718	3,121,524	364,219	7,015	7,309,355	(8,337)	7,301,018
Building and Leasehold Improvements	125,220	-	99,202,976	33,025,108	66,488,647	-	198,841,951	(142,822)	198,699,129
Furniture, Equipment, and Vehicles	1,031,411	-	3,931,753	2,829,285	6,268,264	-	14,060,713	(5,840)	14,054,873
Construction in Progress	-	-	903,932	5,703,712	67,059	-	6,674,703	-	6,674,703
Total Property and Equipment	1,302,510	-	107,709,379	44,679,629	73,188,189	7,015	226,886,722	(156,999)	226,729,723
Less: Accumulated Depreciation	(1,101,083)	-	(41,735,320)	(17,899,821)	(31,527,127)	-	(92,263,351)	99,002	(92,164,349)
Property and Equipment, Net	201,427	-	65,974,059	26,779,808	41,661,062	7,015	134,623,371	(57,997)	134,565,374
OTHER ASSETS									
Investments	-	-	10,476,470	11,356,946	3,562,720	2,472,585	27,868,721	-	27,868,721
Investment in Affiliates	182,304	-	2,594	29,959	27,905	-	242,762	-	242,762
Total Other Assets	182,304	-	10,479,064	11,386,905	3,590,625	2,472,585	28,111,483	-	28,111,483
Total Assets	\$ 37,624,020	\$ 5,090	\$ 100,750,115	\$ 40,359,660	\$ 54,228,269	\$ 4,959,288	\$ 237,926,442	\$ (17,648,123)	\$ 220,278,319

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	\$ 4,075,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,075,000	\$ -	\$ 4,075,000
Accounts Payable	1,581,731	-	1,008,030	2,528,449	721,164	7,487	5,846,861	(3,248,504)	2,598,357
Intercompany	-	-	-	2,167,258	11,830,228	425,554	14,423,040	(14,341,622)	81,418
Accrued Expenses	210,702	-	348,758	407,487	336,109	1,080	1,304,136	-	1,304,136
Accrued Interest	-	-	1,485,221	329,536	775,127	-	2,589,884	-	2,589,884
Current Portion of Refundable Advance Fees	-	-	8,021,000	-	1,693,000	-	9,714,000	-	9,714,000
Deposits from Residents and Clients	-	-	1,803,783	92,667	244,172	-	2,140,622	-	2,140,622
Total Current Liabilities	5,867,433	-	12,666,792	5,525,397	15,599,800	434,121	40,093,543	(17,590,126)	22,503,417
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET									
	118,535,523	-	(1,319,296)	(480,013)	(450,067)	-	116,286,147	-	116,286,147
OTHER LIABILITIES									
Refundable Advance Fees	-	-	77,861,046	-	17,209,916	-	95,070,962	-	95,070,962
Deferred Revenue from Advance Fees	-	-	7,077,385	-	2,953,427	-	10,030,812	-	10,030,812
Total Other Liabilities	-	-	84,938,431	-	20,163,343	-	105,101,774	-	105,101,774
Total Liabilities	124,402,956	-	96,285,927	5,045,384	35,313,076	434,121	261,481,464	(17,590,126)	243,891,338
NET ASSETS									
Net Assets Without Donor Restrictions	(86,778,936)	5,090	4,464,188	35,314,276	18,915,193	3,803,867	(24,276,322)	(57,997)	(24,334,319)
Net Assets With Donor Restrictions	-	-	-	-	-	721,300	721,300	-	721,300
Total Net Assets	(86,778,936)	5,090	4,464,188	35,314,276	18,915,193	4,525,167	(23,555,022)	(57,997)	(23,613,019)
Total Liabilities and Net Assets	\$ 37,624,020	\$ 5,090	\$ 100,750,115	\$ 40,359,660	\$ 54,228,269	\$ 4,959,288	\$ 237,926,442	\$ (17,648,123)	\$ 220,278,319

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 865,958	\$ 5,090	\$ 2,101,529	\$ 143,763	\$ 2,532,354	\$ (42,756)	\$ 5,605,938	\$ -	\$ 5,605,938
Short-Term Investments	-	-	5,204,993	-	-	-	5,204,993	-	5,204,993
Current Portion of Assets Limited as to Use	2,590,000	-	1,113,231	646,127	646,169	-	4,995,527	-	4,995,527
Resident Accounts Receivable	-	-	336,081	1,010,108	619,614	-	1,965,803	-	1,965,803
Other Receivables	5,085,183	-	1,812,995	15,714	178,123	1,305,979	8,397,994	(2,431,534)	5,966,460
Supply Inventories	-	-	56,739	81,175	44,173	-	182,087	-	182,087
Intercompany	7,084,454	-	11,445,248	-	-	-	18,529,702	(13,044,915)	5,484,787
Prepaid Expenses	-	-	331,888	164,302	65,694	-	561,884	-	561,884
Total Current Assets	15,625,595	5,090	22,402,704	2,061,189	4,086,127	1,263,223	45,443,928	(15,476,449)	29,967,479
ASSETS LIMITED AS TO USE									
Held By Trustee Under Indenture Agreement	23,612,593	-	3,325,265	463,733	1,106,637	-	28,508,228	-	28,508,228
Resident Funds and Deposits	-	-	38,446	8,750	54,489	-	101,685	-	101,685
Endowment Fund	-	-	-	-	-	1,354,625	1,354,625	-	1,354,625
Less: Current Portion	(2,590,000)	-	(1,113,231)	(646,127)	(646,169)	-	(4,995,527)	-	(4,995,527)
Total Assets Limited as to Use, Net of Current Portion	21,022,593	-	2,250,480	(173,644)	514,957	1,354,625	24,969,011	-	24,969,011
PROPERTY AND EQUIPMENT									
Land and Land Improvements	145,879	-	3,670,718	3,121,524	361,549	7,015	7,306,685	(8,337)	7,298,348
Building and Leasehold Improvements	125,220	-	97,198,580	26,097,794	66,515,870	-	189,937,464	(142,822)	189,794,642
Furniture, Equipment, and Vehicles	1,031,411	-	3,859,626	2,793,085	6,197,058	-	13,881,180	(5,840)	13,875,340
Construction in Progress	-	-	869,526	9,515,473	13,434	-	10,398,433	-	10,398,433
Total Property and Equipment	1,302,510	-	105,598,450	41,527,876	73,087,911	7,015	221,523,762	(156,999)	221,366,763
Less: Accumulated Depreciation	(1,054,744)	-	(38,062,388)	(16,515,851)	(29,388,477)	-	(85,021,460)	96,546	(84,924,914)
Property and Equipment, Net	247,766	-	67,536,062	25,012,025	43,699,434	7,015	136,502,302	(60,453)	136,441,849
OTHER ASSETS									
Investments	-	-	13,533,611	12,567,072	3,947,530	2,831,837	32,880,050	-	32,880,050
Investment in Affiliates	182,304	-	2,594	29,959	27,905	-	242,762	-	242,762
Total Other Assets	182,304	-	13,536,205	12,597,031	3,975,435	2,831,837	33,122,812	-	33,122,812
Total Assets	\$ 37,078,258	\$ 5,090	\$ 105,725,451	\$ 39,496,601	\$ 52,275,953	\$ 5,456,700	\$ 240,038,053	\$ (15,536,902)	\$ 224,501,151

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP (CONTINUED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	\$ 2,590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,590,000	\$ -	\$ 2,590,000
Accounts Payable	1,936,800	-	341,138	2,697,610	781,859	11,323	5,768,730	(2,431,534)	3,337,196
Intercompany	2,253,150	-	-	933,128	12,185,156	324,982	15,696,416	(13,044,915)	2,651,501
Accrued Expenses	83,016	-	268,063	291,650	264,695	1,080	908,504	-	908,504
Accrued Interest	-	-	1,074,785	637,377	591,680	-	2,303,842	-	2,303,842
Current Portion of Refundable Fees	-	-	7,341,000	-	1,553,000	-	8,894,000	-	8,894,000
Deposits from Residents and Clients	-	-	1,887,073	102,378	234,649	-	2,224,100	-	2,224,100
Total Current Liabilities	<u>6,862,966</u>	<u>-</u>	<u>10,912,059</u>	<u>4,662,143</u>	<u>15,611,039</u>	<u>337,385</u>	<u>38,385,592</u>	<u>(15,476,449)</u>	<u>22,909,143</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET	122,610,523	-	(1,026,738)	(414,079)	(294,416)	-	120,875,290	-	120,875,290
OTHER LIABILITIES									
Refundable Advance Fees	-	-	73,980,705	-	14,742,021	-	88,722,726	-	88,722,726
Deferred Revenue from Advance Fees	-	-	5,643,211	-	3,053,583	-	8,696,794	-	8,696,794
Total Other Liabilities	<u>-</u>	<u>-</u>	<u>79,623,916</u>	<u>-</u>	<u>17,795,604</u>	<u>-</u>	<u>97,419,520</u>	<u>-</u>	<u>97,419,520</u>
Total Liabilities	129,473,489	-	89,509,237	4,248,064	33,112,227	337,385	256,680,402	(15,476,449)	241,203,953
NET ASSETS									
Net Assets Without Donor Restrictions	(92,395,231)	5,090	16,216,214	35,248,537	19,163,726	4,375,458	(17,386,206)	(60,453)	(17,446,659)
Net Assets With Donor Restrictions	-	-	-	-	-	743,857	743,857	-	743,857
Total Net Assets	<u>(92,395,231)</u>	<u>5,090</u>	<u>16,216,214</u>	<u>35,248,537</u>	<u>19,163,726</u>	<u>5,119,315</u>	<u>(16,642,349)</u>	<u>(60,453)</u>	<u>(16,702,802)</u>
Total Liabilities and Net Assets	<u>\$ 37,078,258</u>	<u>\$ 5,090</u>	<u>\$ 105,725,451</u>	<u>\$ 39,496,601</u>	<u>\$ 52,275,953</u>	<u>\$ 5,456,700</u>	<u>\$ 240,038,053</u>	<u>\$ (15,536,902)</u>	<u>\$ 224,501,151</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
REVENUES AND OTHER SUPPORT								
WITHOUT DONOR RESTRICTIONS								
Resident and Client Services Revenue	\$ -	\$ 23,307,829	\$ 19,516,502	\$ 17,831,801	\$ -	\$ 60,656,132	\$ (866,531)	\$ 59,789,601
Amortization of Advance Fees	-	1,208,518	-	442,284	-	1,650,802	-	1,650,802
Other Revenue	4,842,515	186,772	324,075	706,863	11,500	6,071,725	(4,988,699)	1,083,026
Contributions	-	-	-	-	189,395	189,395	-	189,395
Net Assets Released from Restrictions Used for Operations	-	-	-	-	79,144	79,144	-	79,144
Total Revenues and Other Support Without Donor Restrictions	4,842,515	24,703,119	19,840,577	18,980,948	280,039	68,647,198	(5,855,230)	62,791,968
EXPENSES								
Salaries and Benefits	881,330	6,925,854	9,334,253	7,633,047	-	24,774,484	-	24,774,484
Purchased Services	2,309	1,355,071	2,241,053	2,259,251	-	5,857,684	-	5,857,684
Medical Supplies and Drugs	-	186,724	392,493	287,536	-	866,753	-	866,753
Dietary Expenses	-	3,891,380	2,938,983	2,970,449	-	9,800,812	(169,251)	9,631,561
Administrative Expenses	638,176	1,672,212	790,650	824,356	-	3,925,394	(864,031)	3,061,363
Management Fees	4,518,232	1,875,330	1,627,544	1,424,623	-	9,445,729	(4,819,448)	4,626,281
Insurance	-	240,227	238,250	212,213	-	690,690	-	690,690
Bond Fees	-	47,107	17,899	39,976	-	104,982	-	104,982
Utilities	-	907,540	529,471	490,260	-	1,927,271	-	1,927,271
Depreciation and Amortization	46,339	3,840,527	1,430,312	2,320,622	-	7,637,800	(2,456)	7,635,344
Interest	-	2,682,990	593,139	1,397,684	210	4,674,023	-	4,674,023
Other	10	685,193	296,476	328,774	390,309	1,700,762	(2,500)	1,698,262
Provision for Uncollectible Accounts	-	18,349	16,021	85,895	-	120,265	-	120,265
Total Expenses	6,086,396	24,328,504	20,446,544	20,274,686	390,519	71,526,649	(5,857,686)	65,668,963
OPERATING INCOME (LOSS)	(1,243,881)	374,615	(605,967)	(1,293,738)	(110,480)	(2,879,451)	2,456	(2,876,995)
OTHER INCOME (EXPENSE)								
Interest Income	281,392	579,519	181,193	161,245	20,672	1,224,021	-	1,224,021
Realized Gains (Losses) on Investments	(123,617)	37,841	257,565	52,984	234,084	458,857	-	458,857
Unrealized Losses on Investments	(55,743)	(2,663,218)	(1,659,097)	(556,533)	(720,787)	(5,655,378)	-	(5,655,378)
Loss on Disposal of Property and Equipment	-	(20,687)	(9,718)	(3,765)	-	(34,170)	-	(34,170)
Total Other Income (Expense)	102,032	(2,066,545)	(1,230,057)	(346,069)	(466,031)	(4,006,670)	-	(4,006,670)
DEFICIT OF REVENUES OVER EXPENSES	\$ (1,141,849)	\$ (1,691,930)	\$ (1,836,024)	\$ (1,639,807)	\$ (576,511)	\$ (6,886,121)	\$ 2,456	\$ (6,883,665)

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS								
Resident and Client Services Revenue	\$ -	\$ 22,004,650	\$ 18,048,272	\$ 16,190,982	\$ -	\$ 56,243,904	\$ (772,225)	\$ 55,471,679
Amortization of Advance Fees	-	965,254	-	553,894	-	1,519,148	-	1,519,148
Other Revenue	9,651,079	171,311	417,283	569,646	24,760	10,834,079	(5,212,679)	5,621,400
Contributions	-	-	-	-	1,021,674	1,021,674	-	1,021,674
Net Assets Released from Restrictions Used for Operations	-	-	-	-	156,903	156,903	-	156,903
Total Revenues and Other Support Without Donor Restrictions	9,651,079	23,141,215	18,465,555	17,314,522	1,203,337	69,775,708	(5,984,904)	63,790,804
EXPENSES								
Salaries and Benefits	1,144,347	6,468,703	9,346,057	6,944,052	-	23,903,159	-	23,903,159
Purchased Services	8,022	1,131,697	1,896,752	1,776,788	1,111	4,814,370	-	4,814,370
Medical Supplies and Drugs	-	204,191	485,917	395,787	-	1,085,895	-	1,085,895
Dietary Expenses	-	3,441,405	2,860,158	2,756,855	-	9,058,418	(109,936)	8,948,482
Administrative Expenses	1,305,389	1,155,966	268,738	361,350	-	3,091,443	(771,031)	2,320,412
Management Fees	4,137,359	1,972,640	1,648,781	1,481,214	-	9,239,994	(5,102,743)	4,137,251
Insurance	-	304,525	302,844	293,335	-	900,704	-	900,704
Bond Fees	-	47,971	22,212	40,058	-	110,241	-	110,241
Utilities	-	879,038	488,882	542,643	-	1,910,563	-	1,910,563
Depreciation and Amortization	51,675	3,559,843	1,179,091	2,324,812	-	7,115,421	(3,950)	7,111,471
Interest	11,895	2,134,606	1,060,734	1,800,466	630	5,008,331	-	5,008,331
Other	-	577,049	287,678	261,673	123,691	1,250,091	(1,194)	1,248,897
Provision for Uncollectible Accounts	-	21,826	134,278	73,484	-	229,588	-	229,588
Total Expenses	6,658,687	21,899,460	19,982,122	19,052,517	125,432	67,718,218	(5,988,854)	61,729,364
OPERATING INCOME (LOSS)	2,992,392	1,241,755	(1,516,567)	(1,737,995)	1,077,905	2,057,490	3,950	2,061,440
OTHER INCOME (EXPENSE)								
Interest Income	107,723	625,558	165,755	114,664	18,154	1,031,854	-	1,031,854
Realized Gains (Losses) on Investments	(87,266)	72,587	836,026	224,984	190,165	1,236,496	-	1,236,496
Unrealized Gains (Losses) on Investments	(17,676)	836,895	214,699	40,480	210,766	1,285,164	-	1,285,164
Gain(Loss) on Disposal of Property and Equipment	-	-	(17,451)	296,018	-	278,567	-	278,567
Loss on Refinancing of Long-Term Debt	(947,339)	-	-	-	-	(947,339)	-	(947,339)
Total Other Income	(944,558)	1,535,040	1,199,029	676,146	419,085	2,884,742	-	2,884,742
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ 2,047,834</u>	<u>\$ 2,776,795</u>	<u>\$ (317,538)</u>	<u>\$ (1,061,849)</u>	<u>\$ 1,496,990</u>	<u>\$ 4,942,232</u>	<u>\$ 3,950</u>	<u>\$ 4,946,182</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
NET ASSETS WITHOUT DONOR RESTRICTIONS									
Deficit of Revenues Over Expenses	\$ (1,141,849)	\$ -	\$ (1,691,930)	\$ (1,836,024)	\$ (1,639,807)	\$ (576,511)	\$ (6,886,121)	\$ 2,456	\$ (6,883,665)
Transfer of Net Assets	6,758,144	-	(10,060,096)	1,901,763	1,391,274	4,919	(3,996)	-	(3,996)
Change in Net Assets Without Donor Restrictions	5,616,295	-	(11,752,026)	65,739	(248,533)	(571,592)	(6,890,117)	2,456	(6,887,661)
NET ASSETS WITH DONOR RESTRICTIONS									
Contributions	-	-	-	-	-	29,384	29,384	-	29,384
Interest Income	-	-	-	-	-	27,204	27,204	-	27,204
Net Assets Released from Restrictions	-	-	-	-	-	(79,144)	(79,144)	-	(79,144)
Change in Net Assets With Donor Restrictions	-	-	-	-	-	(22,556)	(22,556)	-	(22,556)
TOTAL CHANGE IN NET ASSETS	5,616,295	-	(11,752,026)	65,739	(248,533)	(594,148)	(6,912,673)	2,456	(6,910,217)
Net Assets - Beginning of Year	(92,395,231)	5,090	16,216,214	35,248,537	19,163,726	5,119,315	(16,642,349)	(60,453)	(16,702,802)
NET ASSETS - END OF YEAR	<u>\$ (86,778,936)</u>	<u>\$ 5,090</u>	<u>\$ 4,464,188</u>	<u>\$ 35,314,276</u>	<u>\$ 18,915,193</u>	<u>\$ 4,525,167</u>	<u>\$ (23,555,022)</u>	<u>\$ (57,997)</u>	<u>\$ (23,613,019)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
NET ASSETS WITHOUT DONOR RESTRICTIONS									
Excess (Deficit) of Revenues Over Expenses	\$ 2,047,834	\$ -	\$ 2,776,795	\$ (317,538)	\$ (1,061,849)	\$ 1,496,990	\$ 4,942,232	\$ 3,950	\$ 4,946,182
Transfer of Net Assets	(575,268)	-	(1,312,036)	(1,393,156)	5,259,422	854,510	2,833,472	-	2,833,472
Change in Net Assets Without Donor Restrictions	1,472,566	-	1,464,759	(1,710,694)	4,197,573	2,351,500	7,775,704	3,950	7,779,654
NET ASSETS WITH DONOR RESTRICTIONS									
Contributions	-	-	-	-	-	21,773	21,773	-	21,773
Interest Income	-	-	-	-	-	24,173	24,173	-	24,173
Net Assets Released from Restrictions	-	-	-	-	-	(156,903)	(156,903)	-	(156,903)
Change in Net Assets With Donor Restrictions	-	-	-	-	-	(110,957)	(110,957)	-	(110,957)
TOTAL CHANGE IN NET ASSETS	1,472,566	-	1,464,759	(1,710,694)	4,197,573	2,240,543	7,664,747	3,950	7,668,697
Net Assets - Beginning of Year	(93,867,797)	5,090	14,751,455	36,959,231	14,966,153	2,878,772	(24,307,096)	(64,403)	(24,371,499)
NET ASSETS - END OF YEAR	<u>\$ (92,395,231)</u>	<u>\$ 5,090</u>	<u>\$ 16,216,214</u>	<u>\$ 35,248,537</u>	<u>\$ 19,163,726</u>	<u>\$ 5,119,315</u>	<u>\$ (16,642,349)</u>	<u>\$ (60,453)</u>	<u>\$ (16,702,802)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Total Change in Net Assets	\$ 5,616,295	\$ -	\$ (11,752,026)	\$ 65,739	\$ (248,533)	\$ (594,148)	\$ (6,912,673)	\$ 2,456	\$ (6,910,217)
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation and Amortization	46,339	-	3,840,527	1,430,312	2,320,622	-	7,637,800	(2,456)	7,635,344
Interest Expense - Amortization on									
Deferring Financing Costs	-	-	92,878	22,517	54,877	-	170,272	-	170,272
Loss on Disposal of Property and Equipment	-	-	20,687	9,718	3,765	-	34,170	-	34,170
Amortization on Bond Discount/Premium, Net	-	-	(385,436)	(88,451)	(210,528)	-	(684,415)	-	(684,415)
Amortization of Advance Fees	-	-	(1,208,518)	-	(442,284)	-	(1,650,802)	-	(1,650,802)
Provision for Uncollectible Accounts	-	-	18,349	16,021	85,895	-	120,265	-	120,265
Realized (Gains) Losses on Investments	123,617	-	(37,841)	(257,565)	(52,984)	(234,084)	(458,857)	-	(458,857)
Unrealized Losses on Investments	55,743	-	2,663,218	1,659,097	556,533	720,787	5,655,378	-	5,655,378
(Increase) Decrease in:									
Accounts Receivable	-	-	(142,646)	(158,525)	(80,524)	-	(381,695)	-	(381,695)
Other Receivables	(69,394)	-	206,724	4,279	172,199	1,655	315,463	816,970	1,132,433
Prepaid Expenses and Other Assets	-	-	41,578	38,711	136	-	80,425	-	80,425
Intercompany	(5,229,807)	-	2,675,047	1,234,130	(967,973)	100,572	(2,188,031)	-	(2,188,031)
Increase (Decrease) in:									
Accounts Payable and Accrued Expenses	(227,383)	-	1,158,023	217,496	194,166	(3,836)	1,338,466	(816,970)	521,496
Resident Deposits	-	-	(83,290)	(9,711)	9,523	-	(83,478)	-	(83,478)
Net Cash Provided (Used) by Operating Activities	315,410	-	(2,892,726)	4,183,768	1,394,890	(9,054)	2,992,288	-	2,992,288
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Investments	-	-	(478,719)	(216,221)	(69,087)	(69,009)	(833,036)	-	(833,036)
Proceeds from Sale of Investments	-	-	84,149	45,261	14,210	61,114	204,734	-	204,734
Purchase of Property and Equipment	-	-	(2,299,211)	(3,786,474)	(286,015)	-	(6,371,700)	-	(6,371,700)
Net Change in Assets Limited as to Use	3,897,862	-	(898,913)	(151,577)	(1,048,174)	(42,676)	1,756,522	-	1,756,522
Net Cash Provided (Used) by Investing Activities	3,897,862	-	(3,592,694)	(4,109,011)	(1,389,066)	(50,571)	(5,243,480)	-	(5,243,480)
CASH FLOWS FROM FINANCING ACTIVITIES									
Principal Payments on Long-Term Debt	(2,590,000)	-	-	-	-	-	(2,590,000)	-	(2,590,000)
Proceeds from Entrance Fees, Net of Refunds	-	-	7,203,033	-	2,950,023	-	10,153,056	-	10,153,056
Net Cash Provided (Used) by Financing Activities	(2,590,000)	-	7,203,033	-	2,950,023	-	7,563,056	-	7,563,056
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,623,272	-	717,613	74,757	2,955,847	(59,625)	5,311,864	-	5,311,864
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	865,958	5,090	2,139,975	152,513	2,586,843	(42,756)	5,707,623	-	5,707,623
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,489,230</u>	<u>\$ 5,090</u>	<u>\$ 2,857,588</u>	<u>\$ 227,270</u>	<u>\$ 5,542,690</u>	<u>\$ (102,381)</u>	<u>\$ 11,019,487</u>	<u>\$ -</u>	<u>\$ 11,019,487</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT SECTION ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Total Change in Net Assets	\$ 1,472,566	\$ -	\$ 1,464,759	\$ (1,710,694)	\$ 4,197,573	\$ 2,240,543	\$ 7,664,747	\$ 3,950	\$ 7,668,697
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation and Amortization	51,675	-	3,559,843	1,179,091	2,324,812	-	7,115,421	(3,950)	7,111,471
Interest Expense - Amortization on Deferring Financing Costs	20,633	-	64,741	36,517	48,200	-	170,091	-	170,091
Loss on Refinancing of Long-Term Debt	947,339	-	-	-	-	-	947,339	-	947,339
(Gain) Loss on Disposal of Property and Equipment	-	-	-	17,451	(296,018)	-	(278,567)	-	(278,567)
Amortization on Bond Discount Premium, Net	(8,738)	-	(282,588)	(136,096)	(135,865)	-	(563,287)	-	(563,287)
Amortization of Advance Fees	-	-	(965,254)	-	(553,894)	-	(1,519,148)	-	(1,519,148)
Provision for Uncollectible Accounts	-	-	21,826	134,278	73,484	-	229,588	-	229,588
Realized (Gains) Losses on Investments	87,266	-	(72,587)	(836,026)	(224,984)	(190,165)	(1,236,496)	-	(1,236,496)
Unrealized (Gains) Losses on Investments	17,676	-	(836,895)	(214,699)	(40,480)	(210,766)	(1,285,164)	-	(1,285,164)
(Increase) Decrease in:									
Accounts Receivable	-	-	(18,166)	(126,950)	(5,585)	-	(150,701)	-	(150,701)
Other Receivables	(4,760,517)	-	(295,768)	135,325	498,493	(1,300,164)	(5,722,631)	2,431,523	(3,291,108)
Prepaid Expenses and Other Assets	-	-	(144,020)	17,729	39,471	-	(86,820)	-	(86,820)
Intercompany	1,504,631	-	(1,849,199)	5,795,235	(6,601,896)	9,764	(1,141,465)	-	(1,141,465)
Increase (Decrease) in:									
Accounts Payable and Accrued Expenses	1,182,110	-	64,009	1,038,618	127,905	(235,905)	2,176,737	(2,431,523)	(254,786)
Refundable Advance	(4,140,600)	-	-	-	-	-	(4,140,600)	-	(4,140,600)
Resident Deposits	-	-	345,410	9,866	(24,367)	-	330,909	-	330,909
Net Cash Provided (Used) by Operating Activities	(3,625,959)	-	1,056,111	5,339,645	(573,151)	313,307	2,509,953	-	2,509,953
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Investments	-	-	(698,182)	(1,007,990)	(294,964)	(19,217)	(2,020,353)	-	(2,020,353)
Proceeds from Sale of Investments	-	-	169,635	886,241	256,897	67,666	1,380,439	-	1,380,439
Purchase of Property and Equipment	(1,138,858)	-	(5,191,526)	(6,096,235)	(1,293,803)	-	(13,720,422)	-	(13,720,422)
Proceeds from Disposal of Property and Equipment	-	-	-	-	489,804	-	489,804	-	489,804
Net Change in Assets Limited as to Use	3,692,690	-	(525,685)	909,828	816,206	(128,636)	4,764,403	-	4,764,403
Net Cash Provided (Used) by Investing Activities	2,553,832	-	(6,245,758)	(5,308,156)	(25,860)	(80,187)	(9,106,129)	-	(9,106,129)
CASH FLOWS FROM FINANCING ACTIVITIES									
Issuance of Long-Term Debt	2,524,183	-	-	-	-	-	2,524,183	-	2,524,183
Principal Payments on Long-Term Debt	(3,655,000)	-	-	-	-	-	(3,655,000)	-	(3,655,000)
Proceeds from Entrance Fees, Net of Refunds	-	-	4,161,366	-	1,561,669	-	5,723,035	-	5,723,035
Net Cash Provided (Used) by Financing Activities	(1,130,817)	-	4,161,366	-	1,561,669	-	4,592,218	-	4,592,218
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,202,944)	-	(1,028,281)	31,489	962,658	233,120	(2,003,958)	-	(2,003,958)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,068,902	5,090	3,168,256	121,024	1,624,185	(275,876)	7,711,581	-	7,711,581
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 865,958</u>	<u>\$ 5,090</u>	<u>\$ 2,139,975</u>	<u>\$ 152,513</u>	<u>\$ 2,586,843</u>	<u>\$ (42,756)</u>	<u>\$ 5,707,623</u>	<u>\$ -</u>	<u>\$ 5,707,623</u>



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